

In the opinion of Baker & Daniels, Indianapolis, Indiana ("Bond Counsel"), under existing law, interest on the Notes is excluded from gross income under Section 103 of the Internal Revenue Code of 1986, as amended and in effect on the date of delivery of the Notes. In the opinion of Bond Counsel, under existing law, interest on the Notes is exempt from taxation in the State of Indiana for all purposes except for Indiana inheritance taxes and the franchise tax imposed upon financial institutions. See "TAX MATTERS" herein and Appendix C.

\$370,835,000
INDIANA BOND BANK
Advance Funding Program Notes
Series 2001 A-1 and Series 2001 A-2

Dated: Date of Delivery

Due: as shown below

The Advance Funding Program Notes, Series 2001 A-1 and Series 2001 A-2 (collectively, the "Notes") to be issued by the Indiana Bond Bank (the "Bond Bank"), pursuant to a Note Indenture, dated as of February 1, 2001 (the "Indenture"), between the Bond Bank and BNY Trust Company of Missouri, St. Louis, Missouri, as trustee (the "Trustee") will bear interest from the date of delivery of the Notes at the rates per annum, and will mature on the dates and in the principal amounts set forth below. The Notes will be issued only as fully registered notes in the denomination of \$5,000 or any integral multiple thereof. When issued, the Notes will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of beneficial interest in the Notes will be made in book-entry-only form. Purchasers of beneficial interests in the Notes (the "Beneficial Owners") will not receive physical delivery of certificates representing their interest in the Notes. Interest on the Notes is payable at the respective maturity of each series of Notes, and such interest, together with the principal of the Notes, will be paid directly to DTC so long as the Notes are held in book-entry-only form. The final disbursement of such payments to the Beneficial Owners of the Notes will be the responsibility of the Direct Participants and the Indirect Participants, all as defined and more fully described herein. See "DESCRIPTION OF THE NOTES — Book-Entry-Only System."

The Notes are not subject to redemption prior to maturity.

The Notes are authorized by a resolution adopted by the Board of Directors of the Bond Bank and are issued under and secured by the Indenture, all pursuant to the laws of the State of Indiana (the "State"), particularly Indiana Code Title 5, Article 1.5 (the "Act"), for the purpose of providing funds to purchase tax anticipation obligations (the "Warrants") of certain Indiana school corporations, counties, cities, towns, townships, library corporations and other qualified entities (as defined in the Act) (the "Qualified Entities") which are authorized under Indiana law to issue Warrants in anticipation of the receipt of property taxes described in Indiana Code Title 6, Article 1.1 ("Ad Valorem Property Taxes") levied and in the course of collection for the Qualified Entities (and in the case of school corporations, which may, in addition, in the sole discretion of the Bond Bank, be issued in anticipation of State tuition support distributions in the course of collection) during 2001. The principal of and interest on the Notes are payable from the proceeds of Warrant payments and other moneys held under the Indenture, including funds made available by the Credit Facility and the Investment Agreement, all as defined and described herein. As a condition to participating in the Bond Bank's advance funding warrant purchase program (the "Program"), each Qualified Entity has been required to enter into an Agreement, as defined and described herein, with the Bond Bank requiring, among other things, that the Qualified Entity pledge and appropriate sufficient Ad Valorem Property Taxes levied and in the course of collection to pay principal of and interest on all of its Warrants purchased under the Program on their respective maturity dates.

The Notes are limited obligations of the Bond Bank payable solely out of the revenues and funds of the Bond Bank pledged therefor under the Indenture, as more fully described herein. The Notes do not constitute a general or moral obligation of the Bond Bank and a debt service reserve will not be maintained by the Bond Bank for the Notes. The Notes do not constitute a debt, liability or loan of the credit of the State of Indiana (the "State") or any political subdivision thereof, including any Qualified Entity, under the constitution and laws of the State or a pledge of the faith, credit and taxing power of the State or any political subdivision thereof, including any Qualified Entity. The Bond Bank has no taxing power.

MATURITY SCHEDULE

<u>Series</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
2001 A-1	July 26, 2001	\$ 20,855,000	4.00%	3.300%
2001 A-2	January 22, 2002	\$ 349,980,000	4.00%	3.325%

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

The Notes are being offered when, as and if issued by the Bond Bank and received by the Underwriters, subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality by Baker & Daniels, Indianapolis, Indiana, Bond Counsel. Certain legal matters will be passed on for the Bond Bank, by its general counsel, Barnes & Thornburg, Indianapolis, Indiana, for each of the Qualified Entities, by their bond counsel, Bingham Summers Welsh & Spilman, Indianapolis, Indiana, for the Credit Facility Provider, The Bank of New York (the "Bank"), by its counsel, Emmet, Marvin & Martin, LLP, New York, New York and for the Underwriters by their counsel, Mayer, Brown & Platt, Chicago, Illinois. It is expected that the Notes will be available for delivery to DTC in New York, New York, on or about February 1, 2001.

Banc One Capital Markets, Inc.
Fifth Third Securities, Inc.

Banc of America Securities LLC
NatCity Investments, Inc.

Date: January 25, 2001

NO DEALER, BROKER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED BY THE BOND BANK OR BY THE UNDERWRITERS TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS OFFICIAL STATEMENT, AND, IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY ANY OF THE FOREGOING. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY, AND THERE SHALL NOT BE ANY SALE OF ANY OF THE SECURITIES DESCRIBED HEREIN BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE. THE INFORMATION SET FORTH HEREIN HAS BEEN PROVIDED BY THE BOND BANK AND OTHER SOURCES WHICH ARE BELIEVED TO BE RELIABLE. THE INFORMATION PROVIDED BY SUCH OTHER SOURCES IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS. THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE BOND BANK OR ANY OTHER PERSON SUBSEQUENT TO THE DATE AS OF WHICH SUCH INFORMATION IS PRESENTED.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET, AND SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE NOTES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE INDIANA BOND BANK AND THE TERMS OF THE OFFERING, INCLUDING THE MERIT AND RISK INVOLVED. THE NOTES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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OFFICIAL STATEMENT

\$370,835,000

**Indiana Bond Bank
Advance Funding Program Notes
Series 2001 A-1 and Series 2001 A-2**

INTRODUCTION

The purpose of this Official Statement, including the cover page and the appendices, is to set forth certain information concerning the issuance and sale by the Indiana Bond Bank (the "Bond Bank") of its \$370,835,000 aggregate principal amount of Advance Funding Program Notes, Series 2001 A-1 and Series 2001 A-2 (the "Notes"). The Notes are authorized by a resolution adopted by the Board of Directors of the Bond Bank on November 14, 2000, and are issued under and secured by a Note Indenture dated as of February 1, 2001 (the "Indenture"), between the Bond Bank and BNY Trust Company of Missouri, as trustee, registrar and paying agent (the "Trustee"), all pursuant to the laws of the State of Indiana (the "State"), particularly Indiana Code, Title 5, Article 1.5 (the "Act").

The Program

The Bond Bank has previously established and is continuing a program (the "Program") to purchase tax anticipation obligations (the "Warrants") issued by certain Indiana school corporations, counties, cities, towns, townships, library corporations and other qualified entities (as defined in the Act) which are authorized under Indiana law to issue warrants (the "Qualified Entities"). The Program provides a mechanism for financing all or a portion of anticipated cash flow shortfalls in one or more funds of the Qualified Entities during 2001 for which Ad Valorem Property Taxes in the course of collection have been budgeted, levied and appropriated for the payment of expenses of such funds. The proceeds from the sale of the Notes will be used (i) to purchase the Warrants of the Qualified Entities, (ii) to pay all or a portion of the fees to establish and provide a stand-by credit facility (the "Credit Facility") from The Bank of New York (the "Bank"), as security for the payment of a portion of the Notes, and (iii) to pay all or a portion of the costs of issuance of the Notes including Underwriters' discount. See "SECURITY AND SOURCES OF PAYMENT FOR THE NOTES — The Qualified Entities and the Warrants" herein for a discussion of the Qualified Entities. The proceeds of the Warrants will provide funds in anticipation of the receipt by such Qualified Entities of Ad Valorem Property Taxes levied and in the course of collection (and, in the case of school corporations, which may, in addition, in the sole discretion of the Bond Bank, be issued in anticipation of State tuition support distributions in the course of collection) during 2001. As of the date of the issuance of the Notes, each of the Qualified Entities will have entered into a Warrant Purchase Agreement (each, an "Agreement" and collectively, the "Agreements") with the Bond Bank governing the issuance of the Warrants by the Qualified Entities and the terms of purchase thereof by the Trustee on behalf of the Bond Bank. See "SUMMARY OF CERTAIN PROVISIONS OF THE WARRANT PURCHASE AGREEMENTS" in Appendix E.

Security and Sources of Payment for the Notes

The Notes will be issued under and secured by the Indenture. The principal of, and interest on, the Notes are payable from those revenues and funds of the Bond Bank which, together with the Warrants, are pledged pursuant to the Indenture for the benefit of the owners of the Notes without priority. The Notes do not constitute a general or moral obligation of the Bond Bank. The Bond Bank will not maintain a debt service reserve for the Notes and the provisions of Indiana Code 5-1.5-5, pertaining to a moral obligation of the Indiana General Assembly to replenish a debt service reserve, do not apply to the Notes. Neither the faith, credit nor taxing power of the State or any political subdivision thereof, including the Qualified Entities, is pledged to the payment of the principal of or interest on the Notes. The Notes are not a debt, liability, or loan of the credit of the State or any political subdivision thereof, including the Qualified Entities. The Bond Bank has no taxing power and has only those powers and sources of revenue set forth in the Act. The Notes are issued and secured separately from all other obligations issued by the Bond Bank.

The Notes are secured by the pledge of the Trust Estate established under the Indenture (the "Trust Estate"), which includes (a) all right, title and interest of the Bond Bank in, to and under the Warrants and the Agreements; (b) all right, title and interest in any and all other property, real, personal or mixed, from time to time conveyed, mortgaged, pledged, assigned or transferred as additional security under the Indenture by the Bond Bank or by anyone on behalf of the Bond Bank; (c) the proceeds from the sale of the Notes; (d) all revenues held in the Funds and Accounts (other than the Rebate Fund) under the Indenture; and (e) all rights of the Bond Bank in, to and under the Credit Facility. All Notes will be secured equally and ratably by all of the foregoing. See "SECURITY AND SOURCES OF PAYMENT FOR THE NOTES."

The principal source of payment on the Notes will be the principal and interest payments received by the Bond Bank from the Qualified Entities under the Warrants. The principal of and interest on the Warrants are payable out of certain Ad Valorem Property Tax revenues as further described under the caption, "SECURITY AND SOURCES OF PAYMENT FOR THE NOTES — Provisions for Payment of the Warrants." The principal of and interest on the Warrants may also be payable from tuition support distributions from the State to be received by certain Qualified Entities which are school corporations. See "SECURITY AND SOURCES OF PAYMENT FOR THE NOTES — Provisions for Payment of the Warrants" and "THE PROGRAM — Program Participation and Borrowing Limits."

It is anticipated that the proceeds of the Notes will be used to purchase Warrants under the Program from the Qualified Entities described in, and in the amounts set forth in, Appendix A of this Official Statement. The Bond Bank may also purchase Warrants with the proceeds of the Notes from other Qualified Entities or in additional amounts from participating Qualified Entities if for any reason a Qualified Entity described in Appendix A does not participate, either in whole or in part, in the Program.

The Indenture provides that the Bond Bank will establish and maintain the Credit Facility with the Bank in a principal amount of not less than twelve and one-half percent (12.5%) of the original aggregate principal amount of the Notes, to secure the payment of a portion of the principal

of and interest on the Notes, subject to reduction for amounts paid from time to time by the Bank for deposit into the General Fund pursuant to the provisions of the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE NOTES — Credit Facility." The Credit Facility will be pledged under the Indenture as part of the Trust Estate.

Full payment of the principal of and interest on the Notes is dependent upon Investment Earnings being realized on Warrant payments invested by the Bond Bank. It is expected that the Bond Bank will invest Warrant payments in an Investment Agreement with Trinity Plus Funding Company, LLC (the "Financial Institution") providing for a fixed rate of return expected to produce such Investment Earnings. See "SECURITY AND SOURCES OF PAYMENT FOR THE NOTES — The Investment Agreement."

The Notes

The Series 2001 A-1 Notes will mature on July 26, 2001, and the Series 2001 A-2 Notes will mature January 22, 2002, in the respective amounts set forth on the cover hereof. Interest on the Notes will accrue over time at the rates per annum set forth on the cover hereof and will be payable upon the maturity of the respective series of Notes. The Notes will be issued in fully registered form in the denomination of \$5,000 or any integral multiple thereof. See "DESCRIPTION OF THE NOTES — General Description."

When issued, the Notes will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of beneficial interests in the Notes will be made in book-entry-only form. Purchasers of beneficial interests in the Notes (the "Beneficial Owners") will not receive physical delivery of certificates representing their interest in the Notes. For so long as the Notes are held in book-entry-only form, interest on the Notes, together with principal of the Notes, will be paid by the Trustee directly to DTC. Neither the Bond Bank nor the Trustee will have any responsibility for a Beneficial Owner's receipt from DTC or its nominee, or from any Direct Participant (as hereinafter defined) or Indirect Participant (as hereinafter defined), of any payments of principal of or interest on any of the Notes. See "DESCRIPTION OF THE NOTES — Book-Entry-Only System."

If the Notes are no longer registered in the name of DTC or its nominee, the Notes may be transferred or exchanged by any Noteholder or any Noteholder's duly authorized attorney at the principal corporate trust office of the Trustee, to the extent and upon the conditions set forth in the Indenture, including the payment of a sum sufficient to cover any tax, fee or other governmental charge for any such transfer or exchange that may be imposed upon the Bond Bank or the Trustee. See "DESCRIPTION OF THE NOTES — Transfer or Exchange of the Notes." For so long as the Notes are registered in the name of DTC or its nominee, the Trustee will transfer and exchange the Notes only on behalf of DTC or its nominee. Neither the Bond Bank nor the Trustee will have any responsibility for transferring or exchanging any Beneficial Owners' interests in the Notes. See "DESCRIPTION OF THE NOTES — Book-Entry-Only System."

The Bond Bank

The Bond Bank is a separate body corporate and politic, constituting an instrumentality of the State for the public purposes set forth in the Act. The Bond Bank is not an agency of the State, but is separate from the State in its corporate and sovereign capacity and has no taxing power. The Bond Bank is governed by a Board of seven Directors, including the Treasurer of the State, who serves as Chairman Ex Officio, and the Director of the State Department of Financial Institutions, who serves as a Director Ex Officio and five additional Directors, each appointed by the Governor of the State.

Under separate trust indentures and other instruments authorized under the Act, the Bond Bank has previously issued and had outstanding as of January 1, 2001, an aggregate principal amount of approximately \$1,292,725,207.00 in separate program obligations. Additionally, as of the date of this Official Statement, the Bond Bank is considering undertaking other types of financing for qualified entities for purposes authorized by and in accordance with the procedures set forth in the Act. The obligations issued by the Bond Bank in connection with any and all such financings, if any, will be secured separately from the Notes and will not constitute Notes under the Indenture or for purposes of this Official Statement.

The Act

Pursuant to the Act, the purpose of the Bond Bank is to assist "qualified entities," defined in the Act to include political subdivisions, as defined in Indiana Code 36-1-2-13, leasing bodies, as defined in Indiana Code 5-1-1-1(a), any commissions, authorities or authorized bodies of any qualified entity, and any organizations, associations or trusts with members, participants or beneficiaries that are all individually qualified entities. The Bond Bank provides such assistance through programs of, among other things, purchasing the bonds, notes or evidences of indebtedness of such qualified entities. Under the Act, "qualified entities" includes entities such as cities, towns, counties, school corporations, library corporations, special taxing districts and nonprofit corporations and associations which lease facilities or equipment to such entities. Each of the entities described in Appendix A is a "qualified entity" within the meaning of the Act.

The Official Statement; Additional Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

The information contained under the caption "INTRODUCTION" is qualified by reference to this entire Official Statement, including the Appendices hereto. This introduction is only a brief description and a full review should be made of this entire Official Statement, including the appendices hereto, as well as the documents summarized or described in this Official Statement. The summaries of and references to all documents, statutes and other instruments referred to in this Official Statement do not purport to be complete and are qualified in their entirety by reference to the full text of each such document, statute or instrument. Certain terms used in this Official Statement are defined in Appendix B.

Information contained in this Official Statement with respect to the Bond Bank and the Qualified Entities and copies of the Indenture, the Credit Facility Agreement and the form of Agreement may be obtained from the Indiana Bond Bank, 2980 Market Tower, 10 West Market Street, Indianapolis, Indiana 46204. The Bond Bank's telephone number is (317) 233-0888.

It is the Bond Bank's current policy to provide its financial statements to the holders of its obligations, including the Notes, upon written request. In addition, certain other information concerning the Bond Bank is available to the Trustee and holders of the Notes pursuant to the Indenture. See "CONTINUING DISCLOSURE".

SECURITY AND SOURCES OF PAYMENT FOR THE NOTES

The Notes are limited obligations of the Bond Bank payable only out of the Trust Estate. The Indenture creates a continuing pledge of and lien upon the Trust Estate to secure the full and final payment of the principal of, and interest on, all of the Notes. The Notes do not constitute a debt, liability or loan of the credit of the State or any political subdivision thereof, including any Qualified Entity, under the constitution of the State or a pledge of the faith, credit and taxing power of the State or any political subdivision thereof, including any Qualified Entity. The Bond Bank has no taxing power. The Notes do not constitute a general or moral obligation of the Bond Bank. The Bond Bank will not maintain a debt service reserve for the Notes and the provisions of Indiana Code 5-1.5-5 do not apply to the Notes. Indiana Code 5-1.5-5 pertains to the requirement that, if there is a deficiency in a debt service reserve fund securing obligations of the Bond Bank, the Chairman of the Bond Bank must certify the amount of such a deficiency to the Indiana General Assembly for its consideration on whether to appropriate funds to restore the debt service reserve fund to its requirement. However, no debt service reserve fund has been established under the Indenture, and, therefore, the provisions of Indiana Code 5-1.5-5 do not apply to the Notes.

Under the Indenture, the Notes are secured by a pledge to the Trustee of the Trust Estate, which includes (a) all right, title and interest of the Bond Bank in, to and under the Warrants and the Agreements; (b) all right, title and interest in any and all other property, real, personal or mixed, from time to time conveyed, mortgaged, pledged, assigned or transferred as additional security under the Indenture by the Bond Bank or by anyone on behalf of the Bond Bank; (c) the proceeds from the sale of the Notes; (d) all revenues held in the Funds and Accounts (other than the Rebate Fund) under the Indenture; and (e) all rights of the Bond Bank in, to and under the Credit Facility.

The Qualified Entities and the Warrants

From the proceeds of the Notes, the Bond Bank intends to purchase and, upon purchase, will pledge to the Trustee the Warrants. The Warrants to be issued by the Qualified Entities and purchased by the Trustee on behalf of the Bond Bank under the Program are temporary intra-fiscal year borrowings of the Qualified Entities made in anticipation of the receipt of Ad Valorem Property Taxes levied and in the course of collection during 2001. See "THE PROGRAM" and "SUMMARY OF CERTAIN PROVISIONS OF THE WARRANT PURCHASE AGREEMENTS" in Appendix E.

The proceeds of the Notes are anticipated to be used by the Trustee to purchase the Warrants of the respective Qualified Entities described in, and in the amounts set forth in, Appendix A hereto. Certain information related to such Qualified Entities is set forth in Appendix A. As of the date of the issuance of the Notes, such Qualified Entities will have entered into Agreements with the Bond Bank. The Bond Bank may also purchase Warrants with the proceeds of the Notes from other Qualified Entities or in additional amounts from participating Qualified Entities if for any reason a Qualified Entity described in Appendix A does not participate, either in whole or in part, in the Program. A Qualified Entity may, at its option, receive payment from the Bond Bank for the purchase of the Qualified Entity's Warrant on an installment basis instead of receiving a lump sum payment. The initial payment installment for any Warrant purchased shall be made on February 1, 2001 and shall be at least \$50,000 unless otherwise consented to by the Bond Bank. The Trustee shall not make any future installment advance with respect to any Warrant that has not been disbursed in full on the date that such Warrant is purchased until such time as the Trustee has received a Request for an Installment advance in the form required by the applicable Warrant Purchase Agreement approved by the Bond Bank. Such subsequent installments shall be made on the first Business Day of each month through and including May, 2001. Notwithstanding the foregoing, if the full principal amount of any Warrant has not been disbursed to any Qualified Entity prior to the first Business Day of May, 2001, then a final payment installment shall be made by the Trustee to such Qualified Entity in an amount, which, together with all prior payment installments made with respect to such Warrant, aggregates the principal amount of each Warrant purchased by the Bond Bank from such Qualified Entity.

The Warrants purchased with the proceeds of the Series 2001 A-1 Notes will bear interest at the rate of 3.46%, per annum and the Warrants purchased with the proceeds of the Series 2001 A-2 Notes will bear interest at the rate of 3.48% per annum (both computed on the basis of a 360-day year of twelve 30-day months). The Bond Bank will receive a Positive Cash Flow Certificate on the date of the issuance of the Notes to the effect that the principal and interest payments on the Warrants, assuming (i) payment in accordance with the terms of the Warrants, (ii) investment earnings on the Warrant principal and interest payments, earned during the period from June 29, 2001 (or any applicable prepayment date described below under "Provisions for Payment of the Warrants"), to July 26, 2001, with respect to the Series 2001 A-1 Notes, and from December 31, 2001 (or any applicable prepayment date described below under "Provisions for Payment of the Warrants"), to January 22, 2002, with respect to the Series 2001 A-2 Notes and (iii) investment earnings, from February 1, 2001 until each date on which an installment payment for the purchase of Warrants is made (which date is not later than the first Business Day of May, 2001), on any portion of the proceeds of the Notes which is not used to purchase Warrants on February 1, 2001, will at least be sufficient on each Payment Date to provide full payment of the principal of and interest on the Notes due on each such date. See "The Investment Agreement" in this section.

Provisions for Payment of the Warrants

As a precondition to the purchase of Warrants under the Program, the Qualified Entities will be required to demonstrate that the estimated amount of Ad Valorem Property Taxes, levied and in the process of collection, exceeds the amount of the Warrants as required by the Program participation guidelines. Certain Qualified Entities which are school corporations receive tuition

support funds on the first business day of each month from the State of Indiana. The Bond Bank, in determining the amount of Warrants to be purchased from a school corporation, may consider, in its sole discretion, the anticipated State tuition support distributions to be received by a school corporation. See "THE PROGRAM — Program Participation and Borrowing Limits." Prior to the purchase of any Warrant, a Qualified Entity will also be required under the Program to have taken all actions and received all approvals necessary to levy and collect such Ad Valorem Property Taxes during 2001. See "THE PROGRAM — General" for a further discussion of the process by which Qualified Entities adopt and fix tax levies for Ad Valorem Property Taxes. See "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" and "SUMMARY OF CERTAIN PROVISIONS OF THE WARRANT PURCHASE AGREEMENTS" in Appendix E for further discussion of the preconditions to purchase of Warrants.

Ad Valorem Property Taxes levied by Qualified Entities are due and payable to the treasurer of the county in which the Qualified Entity is located (each, a "County Treasurer") in two installments, one on May 10 and the other on November 10 of each fiscal year. Ad Valorem Property Taxes not paid by the date due are subject to imposition of a penalty and interest, which together with such taxes not paid constitute a lien on the property subject to the Ad Valorem Property Taxes. See "SUMMARY OF INFORMATION REGARDING THE QUALIFIED ENTITIES" in Appendix A.

Receipts from Ad Valorem Property Tax collections are normally distributed through county auditors to Qualified Entities in two installments in each Fiscal Year, one in June and one in December, unless advance distributions are requested by, and made to, Qualified Entities. See "SUMMARY OF CERTAIN PROVISIONS OF THE WARRANT PURCHASE AGREEMENTS" in Appendix E. To further assure the availability of funds on the date that the Warrants are due, the Agreements will require that a Qualified Entity participating in the Program must, no later than May 15, 2001, or November 15, 2001, as applicable, submit a request in accordance with Indiana law to the County Treasurer for advance distributions of not less than 95% of tax collections for each fund in anticipation of which Warrants have been issued and sold to the Bond Bank under the Program. Any Qualified Entity receiving advance tax distributions in excess of 5% of the total taxes in anticipation of which Warrants were issued will be required to invest such amounts for the payment of its Warrants in certain limited investments that mature no later than the due date of the respective Warrant. Under the Program, Warrants are scheduled to mature and will be payable on June 29, 2001 or December 31, 2001, and may be prepaid. On May 31, 2001, any Qualified Entity may prepay all (but not a portion) of its Warrants scheduled to mature on June 29, 2001 if it shall cause the required notice to be given to the Bond Bank and the Trustee, on or before May 21, 2001. On November 28, 2001, any Qualified Entity may prepay all (but not a portion) of its Warrants scheduled to mature on December 31, 2001 if it shall cause notice to be given to the Bond Bank and the Trustee, on or before November 20, 2001.

Procedures for Property Assessment, Tax Levy and Collection

Real property in the State of Indiana is assessed each year as of March 1. On or before August 1 each year, each county auditor must submit to each underlying taxing unit located within that county a statement of (i) the estimated assessed value of the taxing units as of March 1 of that

year, and (ii) an estimate of the taxes to be distributed to the unit during the last six months of the current budget year. The estimated value is based on abstracts delivered to such county auditor by the township assessor or its designee on or before July 15.

The estimated value is used when the governing body of a local taxing unit meets to establish its budget for the next fiscal year (January 1 through December 31), and to set tax rates and levies. By statute, the budget, tax rate and levy of a local taxing unit must be established no later than the last meeting date of the governing body of such local taxing unit in August. The budget, tax levy and tax rate are subject to review and revision by the State Board of Tax Commissioners (the "State Tax Board"), which can lower, but not raise the tax levy or tax rate (with the exception of increasing any debt service or lease rental levy as may be required).

On or before December 31, each county auditor prepares and delivers the final abstract of property taxes within that county. The county treasurer mails tax statements the following April (but mailing may be delayed due to reassessment or other factors). Property taxes are due and payable to the county treasurer in two installments on May 10 and November 10. If an installment of taxes is not completely paid on or before the due date, a penalty of 10% of the amount delinquent is added to the amount due. On May 10 and November 10 of each year thereafter, an additional penalty equal to 10% of any taxes remaining unpaid is added. The penalties are imposed only on the principal amount of the delinquency. Property becomes subject to tax sale procedures after 15 months of delinquency.

Pursuant to Indiana law, real property is valued for assessment purposes at its True Tax Value as defined in rules and regulations promulgated by the State Tax Board. "True Tax Value" does not mean fair market value. Current regulations define the "True Tax Value", generally, as the comparable sales value of land prevalent in the State of Indiana in 1991, plus the depreciated reproduction cost of improvements (e.g. buildings, other structures and paving). When determining depreciation, the local assessor may subtract from the reproduction cost, an amount for physical depreciation, as provided in the regulations, as well as amounts for functional or economic obsolescence, as the assessor deems appropriate in accordance with the regulations. The assessor is required to assess annually projects under construction to allow taxes to be levied on partial assessment.

"Gross Assessed Value" is equal to 33 1/3% of the True Tax Value. "Net Assessed Value" represents the "Gross Assessed Value" less certain deductions for mortgages, veterans, the aged, the blind, economic revitalization, and tax-exempt property. The "Net Assessed Value" is the value used for taxing purposes in the determination of tax rates.

If a change in assessed value occurs, a written notification is sent by either the township assessor or the county board of review to the affected property owner. Upon notification, if the owner wishes to appeal this action, the owner may file a petition requesting a review of the action. This petition must be filed with the county auditor in which the property is located within 45 days after the written notification was given. While the appeal is pending, any taxes on real property which became due on the property may be paid in an amount based on the immediately preceding year's assessment.

Indiana Code 6-1.1-21-5 provides that each year taxpayers will receive a credit for property tax replacement, known as the "property tax replacement credit" ("PTRC"), in the amount of approximately twenty percent (20%) of their tax liability for taxes as defined under Indiana Code 6-1.1-22-9 which are due and payable in May and November of that year. The credit is applied to each installment of taxes. However, the tax liability of a taxpayer does not include the amount of any property tax owed by the taxpayer attributable to certain specified components of the tax levy. Among the tax levy components not receiving the PTRC are the property taxes that will be used to pay for the principal and interest due on debt entered into after December, 1983.

Indiana's current system of assessment and property taxation was questioned in the case of Town of St. John, et al. v. State Board of Tax Commissioners. After numerous stages of remand and appeal, the Indiana Supreme Court upheld the current system, but noted that the State Tax Board's existing assessment regulations lack "meaningful reference" to property wealth.

On September 15, 1999, the State Tax Board issued a draft of the 2001 General Reassessment Property Manual. The cost and depreciation tables in the proposed manual are based on market derived data. In the proposed manual the State Tax Board has taken steps to comply with the Supreme Court's directive for a more objective, uniform and equitable tax system. The new regulations have not been finalized. However, the State Tax Board has indicated that it is in the process of drafting and promulgating a rule to implement a new assessment system by March, 2001.

While no assurance can be given as to any further actions or reforms by the State Tax Board or Indiana legislature, the Bond Bank believes it is not likely that either the decision in Town of St. John or the proposed regulations will affect the ability of the Qualified Entities to make payment on the Warrants. The Warrants are governed by the existing assessment regulations and will not be affected by the proposed regulations. Further, the decision relates only to the valuation of real property for assessment purposes and does not directly address tax rates or budgeting by political subdivisions or otherwise affect their ability to raise revenues by property taxation, although no assurance can be given that these or other matters will not be affected as part of reforms resulting from the decision.

Enforcement of Warrants

As the owner of the Warrants, the Bond Bank has available to it all remedies available to owners or holders of securities issued by the Qualified Entities. The Act provides that, upon the sale and delivery of any Warrants to the Bond Bank, the Qualified Entity is deemed to have agreed that all statutory defenses to nonpayment are waived in the event that such Qualified Entity fails to pay principal of, or interest on, such Warrants when due.

The Agreements will provide that to the extent permitted by law, any Warrant which is not paid on or before the due date will bear interest at the Reinvestment Rate (as defined in Appendix B) thereafter. Additionally, the Act authorizes the Bond Bank to collect from the Qualified Entities fees and charges for its services and empowers the Qualified Entities to contract for and to pay such fees and charges. Pursuant to each Agreement, each Qualified Entity will agree to pay to the Bond Bank an amount, if any, equal to all costs and expenses incurred by or on behalf of the Bond Bank

from time to time as a result of any failure by such Qualified Entity to comply with any of the provisions of the Agreement.

Under the Program, each of the Qualified Entities will be required to pledge and appropriate sufficient Ad Valorem Property Taxes levied and in the course of collection to the payment of the Warrants. All Ad Valorem Property Taxes, including such taxes pledged and appropriated for the payment of the Warrants, will be deposited into the funds for which they have been levied but will not be separately held or otherwise segregated pending the payment of the Warrants, except for the City of East Chicago, the East Chicago Public Library and the East Chicago Sanitary District which have agreed to enter into deposit agreements pursuant to which Ad Valorem Property Taxes will be held separately. See "RISK FACTORS" and "SUMMARY OF INFORMATION REGARDING THE QUALIFIED ENTITIES" in Appendix A.

Each Qualified Entity has agreed under its Agreement to report to the Bond Bank on its compliance with certain covenants which the Qualified Entity will make regarding various actions and conditions necessary to preserve the tax-exempt status of interest paid on the Warrants. See "TAX MATTERS." The Bond Bank has also determined to consult with the Qualified Entities, as necessary from time to time, with regard to the actions needed to be taken by the Qualified Entities to preserve the excludability of the interest on the Notes from the gross income of the holders of the Notes for federal income tax purposes.

Credit Facility

The Credit Facility will be available to the Trustee pursuant to the terms of the Credit Facility and the Reimbursement Agreement (the "Credit Facility Agreement") dated as of the date of the issuance of the Notes, by and between the Bond Bank and the Bank, and the assignment of the rights thereunder by the Bond Bank to the Trustee pursuant to the Indenture. The Credit Facility is a standby credit facility in an amount of not less than twelve and one-half percent (12.5%) of the original aggregate principal amount of the Notes, and secures the payment of a portion of the principal of and interest on the Notes (the "Maximum Available Credit"). Funds available under the Credit Facility provide for payment of a portion of the debt service on the Notes in the event one or more Qualified Entities fail to make principal and interest payments on their Warrants on a timely basis to the extent such defaults in payment on the Warrants and the lack of anticipated Investment Earnings resulting therefrom, if any, do not, in the aggregate, exceed the Maximum Available Credit. Thus, the Credit Facility only provides additional assurance of payment on the Notes in the event of limited defaults in payment by only a limited number of the participating Qualified Entities. The Credit Facility does not provide any additional assurance of payment of the Notes resulting solely from nonpayment or late payment of amounts payable to the Bond Bank pursuant to the Investment Agreement.

If, as a result of the nonpayment or late payment on Warrants and/or any deficiency in Investment Earnings corresponding thereto, the amount on deposit under the Indenture is not sufficient to pay the entire amount of interest and principal coming due on the Notes, the Trustee is required to request a disbursement from the Bank under the Credit Facility in an amount equal to such deficiency up to the Maximum Available Credit. See "OPERATION OF FUNDS AND

ACCOUNTS — General Fund". The term of the Credit Facility extends from the date of issuance of the Notes to January 31, 2002. So long as no event of default has occurred under the Credit Facility Agreement, one disbursement may be used to provide for payment of principal of and interest on the Series 2001 A-1 Notes due on July 26, 2001 and one disbursement may be made under the Credit Facility to provide for payment of principal of and interest on the Series 2001 A-2 Notes due on January 22, 2002. Upon seven banking days' prior notice to the Bond Bank and the Trustee, the Bank may terminate the Credit Facility by reason of an event of default. Under the Indenture, the Trustee is directed to request payment from the Bank in the amount of the Maximum Available Credit upon receipt of a notice of termination from the Bank by reason of an occurrence of an event of default. Each disbursement under the Credit Facility will reduce the Maximum Available Credit. Subsequent payments by the Bond Bank to the Bank for amounts disbursed under the Credit Facility may restore the amount of the Credit Facility to the Maximum Available Credit thereunder to the extent that any such payments represent the payment of the principal amount of any such borrowing under the Credit Facility. Under the Credit Facility Agreement, payments made by the Bond Bank to the Bank in respect of amounts borrowed thereunder are first applied against interest accrued through the date of any such payment and then to principal outstanding thereunder.

Repayments to the Bank of amounts advanced to the Bond Bank pursuant to the Credit Facility, together with interest thereon, will be made solely from the moneys held in the General Fund under the Indenture and all investments of money held in the General Fund, subject only to the security interest therein granted by the Bond Bank to the Trustee for the benefit of the holders of the Notes. Further, under the terms of the Indenture, the Trust Estate has been pledged and otherwise granted to the benefit of the Bank to secure the Bond Bank's obligations under the Credit Facility Agreement and Credit Facility, provided that any interest in, lien on, or pledge of the Trust Estate in favor of the Bank will be junior and subordinate to any interest in, lien on, or pledge of the Trust Estate in favor of any owner of Notes other than the Bank. All fees imposed to establish and maintain the Credit Facility will be paid to the Bank on the date of the issuance of the Notes from the proceeds of the Notes or otherwise. See "SUMMARY OF CERTAIN PROVISIONS OF THE CREDIT FACILITY AGREEMENT" in Appendix E.

In the opinion of legal counsel to the Bank, under current law and regulations, the Credit Facility Agreement constitutes the legal, valid and binding obligation of the Bank, enforceable in accordance with its terms except as limited by bankruptcy, insolvency, reorganization, moratorium and other laws related to, or affecting generally the enforcement of creditors' rights and remedies against national banking associations and that no opinion is expressed as to the availability against the Bank of equitable remedies, including specific performance and injunctive relief.

The Investment Agreement

It is expected that the Bond Bank will invest Warrant payments in an Investment Agreement with Trinity Plus Funding Company, LLC (the "Financial Institution"), providing for a fixed rate of return expected to produce the Investment Earnings. The Bond Bank will require the Financial Institution to be rated at least "Aa3" by Moody's Investors Service and "AA-" by Standard & Poor's Credit Market Services. In addition, the Investment Agreement will be approved by Moody's Investors Service and by Standard & Poor's Credit Market Services. Full payment of principal of

and interest on the Notes is dependent upon Investment Earnings being paid pursuant to the Investment Agreement. However, there can be no assurance that the Financial Institution will be able to return the invested amounts and the Investment Earnings on a timely basis or at the rates contemplated under the Investment Agreement. Moreover, there can be no assurance that the Financial Institution will be able to return the invested amounts and the Investment Earnings on a timely basis or at the rates contemplated in the event of insolvency, bankruptcy or similar deterioration in financial condition of the Financial Institution. In the event that the Financial Institution fails to return the invested amounts or the Investment Earnings on a timely basis or at the rates contemplated under the Investment Agreement, the invested amounts and the Investment Earnings may be unavailable to pay debt service on the Notes. The Trustee may not request a disbursement by the Bank under the Credit Facility in the event that the invested amounts or the Investment Earnings are unavailable unless such unavailability is due to a late payment or nonpayment on the Warrants by one or more of the Qualified Entities.

THE PROGRAM

General

The Bond Bank established the Program in order to provide a mechanism for financing traditional cash flow deficits which are anticipated by Indiana political subdivisions during the 2001 fiscal year. The fiscal year for all Indiana political subdivisions is coextensive with the calendar year (the "Fiscal Year"). Indiana political subdivisions depend primarily on Ad Valorem Property Taxes, including Property Tax Replacement Fund moneys paid by the State to the political subdivisions, and State aid to meet operating expenses and to make capital expenditures or amortize debt incurred for capital expenditures. Indiana political subdivisions finalize budgets, hold hearings and adopt budgets and tax levies for the following Fiscal Year during the months of August and September of the preceding Fiscal Year and the same are reviewed by the appropriate County Board of Tax Adjustment and by the State Tax Board. The State Tax Board is directed by Indiana law to complete its review and approval of budgets and tax levies by January 15 of such following Fiscal Year. Property taxes for political subdivisions, which are collected during each Fiscal Year, are payable in two installments, which are normally due in May and November. By law, taxes are required to be collected by the county treasurer and distributed by the county auditor to the political subdivisions before June 30 and December 31, respectively. However, because the timing of tax receipts rarely matches the timing of expenditures, political subdivisions routinely issue warrants in anticipation of the next succeeding payments of Ad Valorem Property Taxes to the extent authorized by State law. The Program was established to finance cash flow deficits arising from such traditional timing differences between expenditures and tax receipts.

Certain Qualified Entities which are school corporations may be entitled to tuition support funds from the State of Indiana. Tuition support means, with respect to a Qualified Entity which is a school corporation, the total amount of state tuition support the school corporation receives in a particular year for its basic programs pursuant to I.C. § 21-3-1.7, et seq. The amount of tuition support to which a certain school corporation is entitled is determined using a formula with several factors, including a school corporation's average daily membership, its maximum general fund ad valorem property tax levy, the amount of federal aid it receives, and other factors. The tuition

support for each school corporation is determined as part of the biannual budget process, and payments are made to the school corporations on the first business day of each month.

A Qualified Entity which is a school corporation may request to borrow additional funds from the Bond Bank based on the amount of tuition support that it anticipates receiving from the State of Indiana. The Bond Bank, in determining the amount of Warrants to be purchased from a school corporation, may consider in the sole discretion of the Bond Bank, the anticipated amount of State tuition support distributions to be received by a school corporation.

The taxpayers of each county receive a credit for property tax replacement in the amount of approximately 15%-20% of the Ad Valorem Property Tax liability of each taxpayer (the "Replacement Credit") for Ad Valorem Property Taxes which are due and payable in May and November of each year. Before August 31 and December 15 of each year, respectively, the State Department of Revenue (the "Department") is required by law to distribute to each county treasurer from the State property tax replacement fund (the "Property Tax Replacement Fund") one-half of the estimated distribution from that fund for that year for the county. Such distributions are equal to the estimated Replacement Credit, together with other property tax credits, given to taxpayers. On or before December 31 of each year or as soon thereafter as possible, the Department by law must make a final determination of the amount which should be distributed from the Property Tax Replacement Fund to each County Treasurer. The Department by law must deposit 40% of all collections of State gross retail and use taxes and a portion of corporate adjusted gross income tax revenues into the Property Tax Replacement Fund. If the aggregate amount allocated to the County Treasurers by the Department from the Property Tax Replacement Fund exceeds the balance of money in the Property Tax Replacement Fund, the amount of the deficiency is required by law to be transferred from the State general fund to the Property Tax Replacement Fund. The Auditor of the State is required by law to issue a warrant to the Treasurer of the State ordering the payment of the required amount to the Property Tax Replacement Fund. Distributions from the Property Tax Replacement Fund are a source of funds to compensate for the reduction in taxes caused by credits given to taxpayers and as such merely replace Ad Valorem Property Taxes pledged as security for the payment of the Warrants and do not constitute additional security for the payment of the Warrants.

The proceeds of a Warrant purchased by the Bond Bank from a Qualified Entity under the Program will be deposited in the fund for which such Warrant was issued and the Warrant will be payable from the Ad Valorem Property Taxes deposited to such fund; provided, however, that any school corporation may pay interest on a Warrant issued for any fund from the school corporation's debt service fund. Each Agreement will restrict the aggregate amount of Warrants that the Bond Bank is required to purchase or hold for a particular fund to the lesser of (i) the anticipated cash flow deficit for such fund for the applicable semiannual borrowing period or (ii) forty percent (40%) of the annual tax levy expected to be received in such fund during such annual period. Each Agreement will set forth the due dates for the Qualified Entity's Warrants, none of which may be later than the December 31 following the date of issuance for the Warrants of the Qualified Entities. Each Agreement will restrict the Qualified Entity from issuing any warrant or comparable obligation (each an "Additional Obligation") in anticipation of the revenues budgeted for the funds in anticipation of which the Warrants were issued without the consent of the Bond Bank and the Bank.

See "SUMMARY OF CERTAIN PROVISIONS OF THE WARRANT PURCHASE AGREEMENTS" in Appendix E. It is anticipated by the Bond Bank that it will consent to certain cash flow borrowings by Qualified Entities participating in the Program made in anticipation of distributions of budgeted revenues other than distributions in anticipation of which Warrants purchased under the Program were issued. See "Additional Borrowings." Prior to giving consent, the Bond Bank or the Bank would likely require that (a) such Additional Obligation be subordinated to any Warrants issued by the Qualified Entity and held by the Bond Bank, (b) such Qualified Entity demonstrate an ability to repay such Additional Obligation with revenues from a source other than Ad Valorem Property Taxes pledged to pay its Warrants or (c) such Qualified Entity otherwise demonstrate that the ability to pay its Warrants is not adversely affected by the issuance of such Additional Obligations. See "Authority to Issue Warrants" in this section. However, nothing requires the Bond Bank or the Bank to condition its consent to issuing an Additional Obligation on any specific requirements. See "SUMMARY OF CERTAIN PROVISIONS OF THE WARRANT PURCHASE AGREEMENTS" in Appendix E.

Determination of Program Needs

The Program has been designed to provide short-term loans to finance cash flow deficits incurred by each Qualified Entity prior to the receipt of Ad Valorem Property Taxes which are collected by the county in which such Qualified Entity is located. These short-term loans will be repaid out of Ad Valorem Property Tax proceeds due to be collected in 2001.

Prior to the commencement of the Program, Qualified Entities historically financed annual cash flow deficits by the public sale or private placement of warrants or by borrowing from other internal sources.

In the course of structuring the Program for 2001, the Bond Bank and its financial advisors have reviewed the history of the Program for prior years (1990-2000) and other Bond Bank short-term loan programs, as well as other historical data, which provides information concerning typical Qualified Entities, and short-term loan demands financed by traditional methods.

Based upon (i) its prior experience with Qualified Entity borrowing from the particular or comparable Qualified Entities, (ii) a review of historical financing patterns and (iii) funding needs projected from data submitted by Qualified Entities, the Bond Bank and its financial advisors have determined the reasonably expected funding needs of the Qualified Entity participants of the Program. The proceeds of Notes are anticipated to be used by the Trustee to purchase the Warrants of the Qualified Entities described in Appendix A hereto. Each of the Qualified Entities will have entered into an Agreement with the Bond Bank as of the date of the issuance of the Notes. The Bond Bank may also purchase the Warrants with the proceeds of the Notes from other Qualified Entities or additional amounts from participating Qualified Entities in the Program if for any reason a Qualified Entity described in Appendix A does not participate, either in whole or in part, in the Program.

Authority to Issue Warrants

Various Indiana political subdivisions have authority to issue obligations in anticipation of the collection of revenues, including school corporations ("School Corporations"), counties ("Counties"), cities ("Cities"), towns ("Towns"), townships ("Townships") and library corporations ("Library Corporations"). Although certain of the Qualified Entities are authorized by law to issue Warrants, as described below, in a greater amount, the amount of Warrant borrowings under the Program is more restrictive as a result of Program limitations, including, among others, that the principal amount of Warrants issued may not exceed 80% of the taxes levied and estimated for collection during the semiannual period a Warrant is due and in anticipation of which such Warrants are issued with respect to the fund or upon which a Warrant is to be issued. See "Program Participation and Borrowing Limits" in this section.

School Corporations are authorized by law to issue warrants, upon the finding by their governing boards that an emergency exists for the borrowing of money with which to pay current expenses from a particular fund prior to the receipt of revenues from taxes already levied for such fund and in anticipation of the receipt of such revenues. The principal of such warrants is payable solely from the fund for which such taxes have been levied, but interest thereon may be paid either from the School Corporation's debt service fund or from the fund for which such taxes have been levied. Under Indiana law, the principal amount of warrants which a School Corporation may issue to be paid from a particular fund maturing on or before June 30 cannot exceed 80% of the amount of taxes estimated to be collected for and distributed to such fund on behalf of the School Corporation at the June settlement and distribution of such taxes, and the principal amount of warrants which a School Corporation may issue to be paid from a particular fund maturing after June 30 and on or before December 31 cannot exceed 80% of the amount of taxes estimated to be collected for and distributed to such fund on behalf of the School Corporation at the December settlement and distribution of such taxes. Additionally, if the State Tax Board, upon petition being filed by a School Corporation, concludes that such School Corporation cannot, in the ensuing calendar year, carry out the public educational duty committed to the School Corporation by law, the State Tax Board may award emergency financial relief in various forms, including, but not limited to, (a) providing a grant or grants to the School Corporation from any funds of the State that are available for such purpose, (b) permitting the School Corporation to borrow funds from the State that are available for such purpose, (c) permitting the School Corporation to borrow funds from a source other than the State or (d) allowing an advance or advances of funds that will become payable to such School Corporation under any law providing for the payment of State funds to School Corporations.

Counties are authorized by law to make temporary loans to meet current operating expenses, in anticipation of and not in excess of county revenues for the current fiscal year, which must be evidenced by tax anticipation warrants of the County. An ordinance authorizing the issuance of tax anticipation warrants must appropriate and pledge a sufficient amount of the funds and revenues in anticipation of which the warrants are issued to the punctual payment of the warrants. Interest on all warrants issued by Counties, including the Warrants, must cease to accrue upon their maturity, but under the Act and the Agreement, the Bond Bank is authorized to collect any costs resulting from the late payment by, and any required enforcement against, any County.

Cities and Towns are authorized by law to issue warrants by ordinance for the purpose of making temporary loans in anticipation of current revenues that have been levied and are being collected for the year in which issued. The ordinance authorizing such loans must appropriate and pledge to their payment a sufficient amount of the revenues in anticipation of which the warrants are issued and out of which they are payable.

Library Corporations may issue warrants by action of the local library board for the purpose of obtaining temporary loans in an amount not to exceed the uncollected and anticipated taxes for the current year which have been levied but are not yet collected.

Townships may issue warrants by action of the Township's Advisory Board for the purpose of obtaining temporary loans in an amount not to exceed 50% of the Township's total anticipated revenue for the remainder of the year in which the loans are taken out.

Other political subdivisions are authorized by law to issue warrants consistent with the borrowing limitations established under the Program.

Program Participation and Borrowing Limits

To be considered for participation in the Program, each Qualified Entity has submitted an application to the Bond Bank. Application information and data supplied by each Qualified Entity seeking to participate in the Program included among other things the following: the historical and estimated cash flow data during the current Fiscal Year and the two Fiscal Years immediately preceding the date of the application; a list of the ten largest taxpayers; tax collection history; historical and projected budget and levy information; and general economic and demographic information and data.

Upon receipt of applications for participation in the Program, each applying Qualified Entity was analyzed to determine, consistent with the purposes of the Bond Bank, whether a Qualified Entity would be permitted to participate in the Program. Such analysis consisted of an internal financial review undertaken by the Bond Bank with the assistance of Municipal Consultants, as financial advisor to the Bond Bank. The Qualified Entities described in Appendix A have applied for participation in the Program, have been analyzed by the Bond Bank and its financial advisor and have been approved for participation in the Program by the Board of Directors.

Based on documentation and estimates supplied by a Qualified Entity at or prior to the time of execution of its Agreement, the Bond Bank's financial advisor has performed certain computations to arrive at the maximum anticipated Cumulative Cash Flow Deficit with respect to such Qualified Entity's budget and the limitation based upon the applicable percentage of Ad Valorem Property Tax levies to be anticipated by the proposed Warrants. These computations, together with other Program limitations discussed herein, will serve as the basis for determining the maximum amount which a Qualified Entity is authorized to borrow from the Bond Bank under the Program.

Pursuant to the Agreements, each Qualified Entity will be required to represent and warrant certain matters to the Bond Bank in order to be eligible to participate in the Program. See "SUMMARY OF CERTAIN PROVISIONS OF THE WARRANT PURCHASE AGREEMENTS" in Appendix E.

Subject to the last two sentences of this paragraph, for every Qualified Entity, the Bond Bank has limited the maximum amount for each Warrant maturing on December 31, 2001, which may be borrowed to the least of (a) 40% of the Ad Valorem Property Taxes levied and estimated for collection during 2001 with respect to the fund or funds upon which a Warrant is to be issued, (b) the maximum anticipated Cumulative Cash Flow Deficit projected during the Tax Period (as defined in Appendix B) or (c) the amount permitted pursuant to the laws of the State. Subject to the last two sentences of this paragraph, for every Qualified Entity, the Bond Bank has limited the maximum amount for each Warrant maturing on June 29, 2001, which may be borrowed to the least of (a) 40% of the Ad Valorem Property Taxes levied and estimated for collection during 2001 with respect to the fund or funds upon which a Warrant is to be issued, (b) the maximum anticipated Cumulative Cash Flow Deficit projected during the Tax Period or (c) the amount permitted pursuant to the laws of the State. The limitation set forth in each clause (a) above is based upon the amount of Ad Valorem Property Taxes levied for collection during 2001 as preliminarily certified by the State Tax Board on January 23, 2001. A Qualified Entity which is a school corporation may request to borrow funds in excess of the maximum amount described in this paragraph, based on the amount of tuition support distributions that a school corporation anticipates receiving from the State of Indiana. The Bond Bank shall have sole discretion to determine the borrowing limits of a school corporation in light of any State tuition support distributions.

Additional Borrowings

The Bond Bank may issue additional obligations ("Additional Notes") to finance a portion of the cash flow deficits of the Qualified Entities participating in the Program to the extent that such deficits (a) are expected to exceed the amount borrowed under the Program funded from the proceeds of the Notes and (b) will occur during the period commencing on July 1, 2001, and ending on December 31, 2001. The principal source of payment on such Additional Notes would be principal and interest payments received by the Bond Bank from such Qualified Entities under warrants issued in anticipation of the receipt by such Qualified Entities of Ad Valorem Property Taxes levied and in the course of collection during 2001. The Bond Bank may also issue Additional Notes on a parity with the Notes for such purposes or to purchase Warrants from other Qualified Entities not currently participating in the Program. See "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Additional Notes" in Appendix E. The respective warrants securing the Notes and the Additional Notes will be secured by the Ad Valorem Property Taxes levied in the course of collection and appropriated with respect to the fund or funds upon which such warrants are issued. Any such Additional Notes may be secured on a parity basis with the Notes. The principal amount of the Warrants pledged to the payment of the Notes and the Additional Notes will not exceed 40% of the Ad Valorem Property Taxes levied and in the course of collection during 2001 with respect to the fund or funds upon which any such Warrants are issued and with respect to such Warrants maturing (i) in 2001 on or before June 29, 2001 or (ii) during the period of July 1, 2001 through December 31, 2001.

RISK FACTORS

Purchasers of the Notes are advised of certain risk factors with respect to the payment of the Warrants by the Qualified Entities, and payment of the Notes at maturity. This discussion is not intended to be all-inclusive, and other risks may also be present.

The ability of the Bond Bank to pay principal of, and interest on, the Notes depends primarily upon the receipt by the Bond Bank of payments pursuant to the Warrants, including interest at the rates provided therein, from all Qualified Entities participating in the Program which are obligated to make such payments to the Bond Bank, together with earnings on the amounts in the Funds and Accounts sufficient to make such payments. The Bond Bank will not maintain a debt service reserve for the Notes and the provisions of Indiana Code 5-1.5-5 do not apply to the Notes. Indiana Code 5-1.5-5 pertains to the requirement that, if there is a deficiency in a debt service reserve fund securing obligations of the Bond Bank, the Chairman of the Bond Bank must certify the amount of such a deficiency to the Indiana General Assembly for its consideration on whether to appropriate funds to restore the debt service reserve fund to its requirement.

Except for the Credit Facility, there is no source of funds available to make up for any deficiencies in the event of one or more defaults by one or more Qualified Entities in such payments on the Warrants. There can be no representation or assurance that all of the Qualified Entities participating in the Program will receive sufficient taxes or other revenues or otherwise have sufficient funds available to make their required payments on the Warrants. The receipt of such revenues by any Qualified Entity is subject to, among other things, future economic conditions, actions by creditors and other conditions which are variable and not certain of prediction. For a description of procedures for providing for the payment of Warrants, see the captions "SECURITY AND SOURCES OF PAYMENT FOR THE NOTES — Provisions for Payment of the Warrants" and "THE PROGRAM". For a more detailed discussion of risk factors relating to specific Qualified Entities including, but not limited to, the City of East Chicago, the East Chicago Public Library, the East Chicago Sanitary District and the School City of East Chicago, see "SUMMARY OF INFORMATION REGARDING THE QUALIFIED ENTITIES" in Appendix A.

To the extent the Trustee does not have sufficient funds on deposit under the Indenture to pay the entire amount of interest and principal coming due on the Notes (as a result of the nonpayment or late payment on Warrants and/or any deficiency in Investment Earnings corresponding thereto), the Trustee is directed to request payment from the Bank, up to the Maximum Available Credit, under the Credit Facility. See "SECURITY AND SOURCES OF PAYMENT FOR THE NOTES — Credit Facility." The Maximum Available Credit under the Credit Facility is less than the aggregate principal and interest payments that will be due on the Notes, and thus there can be no assurance that amounts available under the Credit Facility will be sufficient to fund deficiencies and make debt service payments on all Notes in full on a timely basis in the event of one or more defaults by Qualified Entities in making payments on the Warrants. See "SECURITY AND SOURCES OF PAYMENT FOR THE NOTES — Credit Facility." In the event there are not sufficient funds available to pay debt service on all Notes in full on a timely basis,

available funds would be paid on a pro rata basis to the holders of the Notes. See "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" in Appendix E.

The ability of the Bank to honor a request for payment on the Credit Facility will be a function of its solvency at the time of such request for payment. See Appendix D for a discussion of the Bank and financial information related to the Bank. In the event that the Bank does not honor the request for payment on the Credit Facility or an event of default occurs under the Credit Facility Agreement and results in the termination of the Credit Facility, as defined and described in the Credit Facility Agreement, the rating on the Notes could be revised downward or withdrawn entirely.

It is expected that the Bond Bank will invest the payments of the principal of and interest on the Warrants in an Investment Agreement with the Financial Institution providing for a fixed rate of return expected to produce the Investment Earnings. The Bond Bank will require the Financial Institution to be rated at least "Aa3" by Moody's Investors Service and "AA-" by Standard & Poor's Ratings Services. Full payment of principal of and interest on the Notes is dependent upon Investment Earnings being paid pursuant to the Investment Agreement. However, there can be no assurance that the Financial Institution will be able to return the invested amounts and the Investment Earnings on a timely basis or at the rates contemplated under the Investment Agreement. Moreover, there can be no assurance that the Financial Institution will be able to return the invested amounts and the Investment Earnings on a timely basis or at the rates contemplated in the event of insolvency, bankruptcy or similar deterioration in the financial condition of the Financial Institution. In the event that the Financial Institution fails to return the invested amounts or the Investment Earnings on a timely basis or at the rates contemplated under the Investment Agreement, the invested amounts and the Investment Earnings may be unavailable to pay debt service on the Notes. The Trustee may not request a disbursement by the Bank under the Credit Facility in the event that the invested amounts or the Investment Earnings are unavailable unless such unavailability is due to a late payment or nonpayment on the Warrants by one or more Qualified Entities.

The remedies available to the Trustee, to the Bond Bank or to the owners of the Notes upon the occurrence of an Event of Default under the Indenture or under the terms of any of the Warrants purchased by the Bond Bank and the Agreement related thereto or the Investment Agreement or the Credit Facility Agreement are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code (the United States Bankruptcy Code), the remedies provided in the Indenture and under the Agreements, the Warrants, the Investment Agreement and the Credit Facility Agreement may not be readily available or may be limited.

DESCRIPTION OF THE NOTES

General Description

The Notes will be issued under the Indenture as fully registered notes in the denomination of \$5,000 or any integral multiple thereof. The Notes will mature on July 26, 2001, and January 22,

2002, in the amounts, and will bear interest at the rates per annum, as set forth on the cover page of this Official Statement, computed on the basis of a 360-day year of twelve 30-day months. Interest on the Notes will be payable at maturity of such Notes as set forth on the cover page of this Official Statement (each, a "Payment Date").

When issued, all of the Notes will be registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of beneficial interests from DTC in the Notes will be made in book-entry only form (without certificates) in the denomination of \$5,000 or any integral multiple thereof. Purchasers of beneficial interests in the Notes (the "Beneficial Owners") will not receive physical delivery of certificates representing their interests in the Notes. So long as DTC or its nominee is the registered owner of the Notes, payments of the principal of and interest on the Notes will be made directly by the Trustee by wire transfer of funds to Cede & Co., as nominee for DTC. Disbursement of such payments to the participants of DTC will be the sole responsibility of DTC, and the ultimate disbursement of such payments to the Beneficial Owners of the Notes will be the responsibility of the Direct Participants and the Indirect Participants, as defined herein. See "Book-Entry-Only System" in this section.

The Notes are not subject to redemption prior to maturity.

Book-Entry-Only System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Notes. The Notes will be issued as fully-registered securities in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Note will be issued for each maturity of the Notes, each in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the principal amount of any maturity exceeds \$200,000,000, one fully-registered Note will be issued with respect to each \$200,000,000 of principal amount and an additional fully-registered Note will be issued with respect to any remaining principal amount of such maturity.

DTC is a limited-purpose trust company organized under New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations (the "Direct Participants"). DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly

(the "Indirect Participants"). The rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note (the "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Notes, unless use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Notes with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. will consent or vote with respect to the Notes. Under its usual procedures, DTC mails an Omnibus Proxy to the Bond Bank as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consent or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the payable date in accordance with their respective holdings shown on the records of DTC unless DTC has reason to believe that it will not receive payments on the payable date. Payments by Participants to Beneficial Owners will be governed by standard instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Bond Bank, subject to any statutory and regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Bond Bank and the Trustee as set forth in the Indenture. Disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Notes at any time by giving reasonable notice to the Bond Bank and the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Note certificates are required to be printed and delivered.

The Bond Bank may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Note certificates will be printed and delivered.

The information in this section "Book-Entry-Only System" concerning DTC and DTC's book-entry system has been obtained from sources that the Bond Bank believes to be reliable, but the Bond Bank takes no responsibility for the accuracy thereof.

Revision of Book-Entry-Only System

In the event that either (i) the Bond Bank receives notice from DTC to the effect that DTC is unable or unwilling to discharge its responsibilities as a clearing agency for the Note or (ii) the Bond Bank elects to discontinue its use of DTC as a clearing agency for the Notes, then the Bond Bank and the Trustee will do or perform or cause to be done or performed all acts or things, not adverse to the rights of the holders of the Notes, as are necessary or appropriate to discontinue use of DTC as a clearing agency for the Notes, and to transfer the ownership of each of the Notes, in accordance with the Indenture. See "Payment of the Notes" and "Transfer or Exchange of the Notes" in this section.

Payment of the Notes

If DTC or its nominee is not the registered owner of the Notes, the principal of and interest on the Notes is payable to the registered Owner thereof or his assignee upon maturity at the principal corporate trust office of the Trustee. Payment will be made in such coin or currency of the United States of America as, at the respective times of payment, is legal tender for the payment of public and private debts. The Bond Bank may provide for the payment of principal of and interest on the Notes held by any Noteholder in amounts aggregating \$1,000,000 or more by wire transfer or by such other method as may be acceptable to the Trustee and such Noteholder.

Transfer or Exchange of the Notes

Except as provided under "Book-Entry-Only System" in this section, any Note or Notes may be exchanged for new Notes of the same type at the principal corporate trust office of the Trustee in accordance with the Indenture. No service charge or payment will be required to transfer or exchange any Note, but the Bond Bank or the Trustee may require payment of a sum sufficient to cover any tax, fee or other governmental charge required to be paid with respect to such transfer or exchange.

APPLICATION OF PROCEEDS

The following tabulation shows the application of proceeds of sale of the Notes.

Deposit to Warrant Purchase Fund	\$372,601,760
Deposit to General Fund ⁽¹⁾	704
Deposit to Costs of Issuance Fund ⁽²⁾	170,000
Credit Facility Fees	83,438
Underwriters' Discount	<u>278,126</u>
Total	\$373,134,028

⁽¹⁾ Deposit of excess proceeds originally deposited into the Warrant Purchase Fund and transferred to the General Fund pursuant to the Indenture.

⁽²⁾ Exclusive of Underwriters' discount.

THE INDIANA BOND BANK

The Bond Bank was created in 1984, and is organized and existing under and by virtue of the Act as a separate body corporate and politic, constituting an instrumentality of the State for the public purposes set forth in the Act. The Bond Bank is not an agency of the State, but is separate from the State in its corporate and sovereign capacity and has no taxing power.

Powers Under the Act

Under the Act, the Bond Bank has a perpetual existence and is granted all powers necessary, convenient or appropriate to carry out its public and corporate purposes including, without limitation, the power to do the following:

1. Make, enter into and enforce all contracts necessary, convenient or desirable for the purposes of the Bond Bank or pertaining to a loan to or a lease or an agreement with a qualified entity, a purchase, acquisition or a sale of qualified obligations or other investments or the performance of its duties and execution of its powers under the Act;
2. Purchase, acquire or hold qualified obligations or other investments for the Bond Bank's own account or for a qualified entity at such prices and in a manner as the Bond Bank considers advisable, and sell or otherwise dispose of the qualified obligations or investments at prices without relation to cost and in a manner the Bond Bank considers advisable;

3. Fix and establish terms and provisions upon which a purchase or loan will be made by the Bond Bank;
4. Prescribe the form of application or procedure required of a qualified entity for a purchase or loan and enter into agreements with qualified entities with respect to each purchase or loan;
5. Render and charge for services to a qualified entity in connection with a public or private sale of any qualified obligation, including advisory and other services;
6. Charge a qualified entity for costs and services in review or consideration of a proposed purchase, regardless of whether a qualified obligation is purchased, and fix, revise from time to time, charge and collect other program expenses properly attributable to qualified entities;
7. To the extent permitted by the indenture or other agreements with the owners of bonds or notes of the Bond Bank, consent to modification of the rate of interest, time and payment of installments of principal or interest, security or any other term of a bond, note, contract or agreement of any kind to which the Bond Bank is a party;
8. Appoint and employ general or special counsel, accountants, financial advisors or experts, and all such other or different officers, agents and employees as it requires;
9. In connection with any purchase, consider the need for and desirability or eligibility of the qualified obligation to be purchased, the ability of the qualified entity to secure financing from other sources, the costs of such financing and the particular public improvement or purpose to be financed or refinanced with the proceeds of the qualified obligation to be purchased by the Bond Bank;
10. Temporarily invest moneys available until used for making purchases, in accordance with the indenture or any other instrument authorizing the issuance of bonds or notes; and
11. Issue bonds or notes of the Bond Bank in accordance with the Act bearing fixed or variable rates of interest in aggregate principal amounts considered necessary by the Bond Bank to provide funds for any purposes under the Act; provided, that the total amount of bonds or notes of the Bond Bank outstanding at any one time may not exceed any aggregate limit imposed by the Act, currently fixed at \$1,000,000,000. Such aggregate limit of \$1,000,000,000 does not apply to (i) bonds or notes issued to fund or refund bonds or notes of the Bond Bank; (ii) bonds or notes issued for the purpose of purchasing an agreement executed by a qualified entity under Indiana Code 21-1-5; (iii) bonds, notes, or other obligations not secured by a reserve fund under Indiana Code 5-1.5-5; and (iv) bonds, notes, or other obligations if funds and investments, and the anticipated earned interest on those funds and investments, are

irrevocably set aside in amounts sufficient to pay the principal, interest, and premium on the bonds, notes, or obligations at their respective maturities or on the date or dates fixed for redemption.

Under the Act, the Bond Bank may not do any of the following:

1. Lend money other than to a qualified entity;
2. Purchase a security other than a qualified obligation to which a qualified entity is a party as issuer, borrower or lessee, or make investments other than as permitted by the Act;
3. Deal in securities within the meaning of or subject to any securities law, securities exchange law or securities dealers law of the United States, the State or any other state or jurisdiction, domestic or foreign, except as authorized by the Act;
4. Emit bills of credit or accept deposits of money for time or demand deposit, administer trusts or engage in any form or manner, or in the conduct of, any private or commercial banking business or act as a savings bank, savings and loan association or any other kind of financial institution; or
5. Engage in any form of private or commercial banking business.

Organization and Membership of the Bond Bank

The membership of the Bond Bank consists of seven Directors: the Treasurer of State, serving as Chairman Ex Officio, the Director of the State Department of Financial Institutions, appointed by the Governor and serving as Director Ex Officio, and five Directors appointed by the Governor of the State. Each of the five Directors appointed by the Governor must be a resident of the State and must have substantial expertise in the buying, selling and trading of municipal securities or in municipal administration or public facilities management. Each such Director will serve for a three-year term as set forth below and until a successor is appointed and qualified. Each such Director is also eligible for reappointment and may be removed for cause by the Governor. Any vacancy on the Board is filled by appointment of the Governor for the unexpired term only.

The Directors elect one Director to serve as Vice Chairman. The Directors also appoint and fix the duties and compensation of an Executive Director, who serves as both secretary and treasurer. The powers of the Bond Bank are vested in the Board of Directors, any four of whom constitute a quorum. Action may be taken at any meeting of the Board by the affirmative vote of at least four Directors. A vacancy on the Board does not impair the right of a quorum to exercise the powers and perform the duties of the Board of Directors of the Bond Bank.

Directors

The following persons, including those persons with the particular types of experience required by the Act, comprise the present Board of Directors of the Bond Bank:

Tim Berry, Treasurer of the State of Indiana, February 10, 1999-present and Chairman Ex Officio. Residence: Indianapolis, Indiana. Member, Indiana State Board of Finance; Vice-Chairman, Indiana Housing Finance Authority; Secretary-Investment Manager, Indiana Board for Depositories; Member, Governing Board of the Indiana Department of Revenue; Treasurer, Indiana State Office Building Commission; Treasurer, Indiana Recreational Development Commission; Trustee, Indiana State Police Pension Fund; Board Member, Indiana Transportation Finance Authority; Allen County, Indiana Treasurer 1990-February, 1999.

Charles W. Phillips, Director of the Indiana Department of Financial Institutions, 1989 to present, and Director Ex Officio, serving at the pleasure of the Governor. Residence: New Albany, Indiana. Director Ex Officio, Indiana Housing Finance Authority; President, Floyd County Bank, New Albany, Indiana, 1962-1985; Former Examiner, Federal Deposit Insurance Corporation.

Clark H. Byrum, Vice Chairman; term expires July 1, 2003. Residence: Indianapolis, Indiana. Chairman of the Board and President, The Key Corporation, Indianapolis, Indiana, 1977 to present; Chairman of the Board, American State Bank of Lawrenceburg, Aurora and Greendale, Indiana, 1990 to present; Board Member, NCB Corporation and Norcen Bank, 1986 to present; Member, American Bankers Association; Member, Indiana Bankers Association; Member, National Association of Life Underwriters.

Joseph T. Morrow, Director; term expires July 1, 2003. Residence: Hammond, Indiana. Attorney; Chairman of the Board, Mercantile National Bank of Indiana, 1979 to present; Chairman of the Board, First National Bank of Illinois, 1979 to present; Chairman of the Board and General Counsel, Home State Bank of Crystal Lake, 1979-present.

C. Kurt Zorn, Director; term expires July 1, 2003. Residence: Bloomington, Indiana. Professor of Public and Environmental Affairs, Indiana University, 1994 to Present; Chairman, State Board of Tax Commissioners, January 1991-August 1994; Associate Professor, School of Public and Environmental Affairs, Indiana University, 1987-1994 (on leave 1989-1992); Member, American Economic Association; Member, National Tax Association; Member, Governmental Finance Officers Association.

Russell Breeden, III, Director; term expires July 1, 2003. Residence: Indianapolis, Indiana. Chairman of the Board and CEO, Community First Financial Group, Inc., 1993 to present. Director, English State Bank, 1993 to present; Chairman, Peoples Trust Bank Company, 1994 to present; Chairman, Peninsula Banking Group, 1995 to present; Chairman, Bay Cities National Bank, 1995 to present; Director and President, Bettenhausen Motorsports, Inc. 1988 to present.

J. June Midkiff was appointed Executive Director of the Indiana Bond Bank on October 12, 1999. Ms. Midkiff served as Director of Economic Development in the Office of Mayor Stephen

Goldsmith for the City of Indianapolis for seven years. In that capacity she managed various development projects throughout the city. Prior to joining the Mayor's office, she was Vice President of Merchants National Bank & Trust Co., from 1973-1991, and was responsible for the management of the governmental accounts and the cash management division.

REVENUES, FUNDS AND ACCOUNTS

Creation of Funds and Accounts

The Indenture establishes the following special trust funds and accounts to be held by the Trustee:

1. General Fund;
2. Costs of Issuance Fund;
3. Warrant Purchase Fund; and
4. Rebate Fund.

Deposit of Net Proceeds of the Notes

The Trustee will deposit the net proceeds from the sale of the Notes as follows:

1. To the Costs of Issuance Fund, in the amount needed to pay the costs of issuance of the Notes (other than Underwriters' discount) and any Additional Notes;
2. To the Costs of Issuance Fund to be paid to the Bank, in the amount needed to pay the fees owed upon issuance of the Credit Facility; and
3. To the Warrant Purchase Fund, the balance of the proceeds of the Notes available for the purchase of Warrants from Qualified Entities under the Program.

The Trustee will deposit the proceeds of any Additional Notes as provided in a Supplemental Indenture authorizing the issuance of such Additional Notes.

Deposit of Revenues and Other Receipts

The Trustee will deposit all Revenues into the Funds and Accounts as follows:

1. All payments of principal of and interest on Warrants paid by Qualified Entities, and all payments, if any, made by the Bank to the Bond Bank pursuant to the Credit Facility, will be deposited in the General Fund;

2. All income or gain from the investment of moneys (except moneys in the Rebate Fund), and all other Revenues will be deposited in the General Fund; and
3. All income or gain from the investment of moneys in the Rebate Fund will remain in the Rebate Fund.

OPERATION OF FUNDS AND ACCOUNTS

Costs of Issuance Fund

Upon issuance of the Notes and receipt of a requisition signed by an Authorized Officer of the Bond Bank, the Trustee will disburse the amounts held in the Costs of Issuance Fund for the payment of the expenses of the issuance of the Notes (as well as the expenses of the issuance of any interim or temporary notes), including, but not limited to, bond or reserve fund insurance premiums, credit enhancement or credit facility fees, the fees and expenses of Bond Counsel and general counsel to the Bond Bank, fees and expenses of the Trustee, the cost of reproducing documents, filing and recording fees, the cost of printing, execution, authentication, transportation and safekeeping of the Notes (including fees and expenses in connection with book entry of the Notes), fees and expenses of accountants and professional consultants, fees and expenses of any rating agencies and all other fees and expenses payable or reimbursable, directly or indirectly, by the Bond Bank prior to or concurrently with and in connection with the issuance and sale of the Notes. At such time as an Authorized Officer certifies that all costs of issuance have been paid, and in any event not later than 180 days following the issuance of the Notes, the Trustee will transfer any amounts remaining in the Costs of Issuance Fund to the General Fund.

General Fund

The Trustee will disburse amounts in the General Fund as follows and in the following order of priority:

1. At any time any amounts required to be transferred to the Rebate Fund;
2. Not later than 12:00 noon, Indianapolis time, on each Payment Date, such amounts as may be necessary, if any, to pay interest due to be paid on Outstanding Notes on such Payment Date;
3. Not later than 12:00 noon, Indianapolis time, on each Payment Date, such amounts as may be necessary, if any, to pay principal due to be paid on Outstanding Notes on such Payment Date;
4. At such time as may be necessary for the payment of Program Expenses, but only upon receipt by the Trustee of a requisition from an Authorized Officer describing the Program Expenses, and only to the extent that such Program Expenses, together with all other Program Expenses paid or payable following the date of the most

recent Cash Flow Certificate, do not exceed the amount of such Program Expenses contemplated by such Cash Flow Certificate;

5. At such times as may be required pursuant to the Credit Facility Agreement, to the Bank such amounts as may be necessary to pay amounts, if any, due under the Credit Facility Agreement; provided that such payments shall be made only after amounts then due and owing to Noteholders (other than the Bank) have been made; and
6. At such times as the Bond Bank may determine, after making all the transfers required and on submission by the Bond Bank of a Cash Flow Certificate giving effect to such transfer, to any Fund or Account or other fund or account of the Bond Bank in the discretion of the Bond Bank.

If the amount on deposit in the General Fund at 9:00 a.m., Indianapolis time, on any Payment Date is insufficient to pay the entire amount of interest and principal due on Outstanding Notes on such Payment Date (as a result of the nonpayment or late payment on Warrants and/or deficiency in or nonpayment of Investment Earnings corresponding thereto), then, no later than 10:00 a.m., Indianapolis time, on such Payment Date, the Trustee will request payment from the Bank under the Credit Facility Agreement, and such amounts will be deposited into the General Fund and immediately used, first for the payment of interest due on the Outstanding Notes and second for the payment of principal due on the Outstanding Notes.

Warrant Purchase Fund

The Trustee will disburse the funds held in the Warrant Purchase Fund to purchase the Warrants from the Qualified Entities upon submission of a requisition of the Bond Bank signed by an Authorized Officer stating that all requirements for the purchase of the Warrants set forth in the Indenture and in the Agreement have been or will be met. A Qualified Entity may, at its option, receive payment from the Bond Bank for the purchase of the Qualified Entity's Warrant on an installment basis instead of receiving a lump sum payment. The initial payment installment for any Warrant purchased will be made on February 1, 2001 and will be at least \$50,000 unless otherwise consented to by the Bond Bank. The Trustee will not make any future installment advance with respect to any Warrant that has not been disbursed in full on the date that such Warrant is purchased until such time as the Trustee has received a Request for an Installment advance in the form required by the applicable Warrant Purchase Agreement approved by the Bond Bank. Such subsequent installments will be made on the first Business Day of each month through and including May, 2001. Notwithstanding the foregoing, if the full principal amount of any Warrant has not been disbursed to any Qualified Entity prior to the first Business Day of May, 2001, then a final payment installment shall be made by the Trustee to such Qualified Entity in an amount, which, together with all prior payment installments made with respect to such Warrant, aggregate the principal amount of each Warrant purchased by the Bond Bank from such Qualified Entity. See "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" and "SUMMARY OF CERTAIN PROVISIONS OF THE WARRANT PURCHASE AGREEMENTS" in Appendix E. After purchase of all of the Warrants, any excess amounts held in the Warrant Purchase Fund will be transferred to the General Fund which transfer will not be later than December 31, 2001.

Rebate Fund

Upon the direction of the Bond Bank, the Trustee will deposit amounts for the benefit of the Bond Bank from the General Fund into the Rebate Fund. All income from investments of moneys held in the Rebate Fund will be deposited into the Rebate Fund. In the event and to the extent that amounts in the Rebate Fund exceed amounts required to be rebated to the United States of America, the Trustee will transfer such excess amounts to the General Fund upon direction of the Bond Bank. Not later than 60 days after the final maturity date of the Notes, and upon the written request of the Bond Bank, the Trustee will pay the United States of America 100% of the amount required to be paid to the United States of America. Each payment to the United States of America will be accompanied by the appropriate reports, forms and documentation as required by the Code.

Amounts Remaining in Funds

Any amounts remaining in any Fund or Account after full payment of all of the Notes outstanding under the Indenture, all required rebate payments to the United States of America and the fees, charges and expenses of the Trustee and the Bank will be distributed to the Bond Bank.

Investment of Funds

Moneys held as a part of any Fund or Account under the Indenture, including without limitation the Rebate Fund, will be invested and reinvested at all times as fully as reasonably possible by the Trustee in investments defined to be Investment Securities under the Indenture and in accordance with the provisions of the Act and the terms and conditions of the Indenture.

The Bond Bank shall direct the Trustee (with such direction to be confirmed in writing) in the investment of such moneys. The Bond Bank will so direct the Trustee, and the Bond Bank and the Trustee will make all such investments of moneys under the Indenture, in accordance with prudent investment standards reasonably expected to produce the greatest investment yields while seeking to preserve principal and to avoid causing any of the Notes to become arbitrage bonds under the Code. The Bond Bank has directed the Trustee to invest all moneys held in the General Fund relating to the Notes pursuant to the provisions of the Investment Agreement.

All investments will be a part of the Fund or Account from which moneys were used to acquire such investments, and all income and profits on such investments (other than from amounts on deposit in the Rebate Fund or any Account created thereunder) will be deposited as received in the General Fund. Any investment losses will be charged to the Fund or Account from which moneys were employed to invest in the Investment Security, and the Trustee will not be liable for any investment losses so long as the Trustee complies with the provisions of the Indenture. Moneys in any Fund or Account will be invested in Investment Securities with maturity dates (or redemption dates determinable at the option of the owner of such Investment Securities) coinciding as nearly as practicable with the times at which moneys in such Funds or Accounts will be required for transfer or disbursement under the Indenture. The Trustee will sell and reduce to cash at the best price reasonably obtainable sufficient amounts of such Investment Securities in the respective Fund

or Account as may be necessary to make up a deficiency in any amounts contemplated to be disbursed from such Fund or Account.

Obligations purchased as investments of moneys in any Fund or Account with a stated maturity of less than two years will be valued at cost, including paid accrued interest and unamortized debt discount. Other such obligations will be valued at the lower of cost, including accrued interest paid and unamortized debt discount, or market value, exclusive of earned accrued interest.

The Bond Bank and the Trustee each certify to the owners of the Notes outstanding, that amounts on deposit in any Fund or Account in connection with the Notes, regardless of whether such amounts are derived from the proceeds of Notes or any other source, are not intended to be used in a manner which will cause the interest on the Notes to lose its excludability from gross income for federal income tax purposes.

THE NOTES AS LEGAL INVESTMENTS

Under the Act all financial institutions, investment companies, insurance companies, insurance associations, executors, administrators, guardians, trustees and other fiduciaries in the State may legally invest sinking funds, money or other funds belonging to or within the control of such fiduciaries in the bonds and notes of the Bond Bank issued under the Act.

LITIGATION

Bond Bank

There is not now pending or, to the Bond Bank's knowledge, threatened any litigation (1) restraining or enjoining the issuance, sale, execution or delivery of the Notes, (2) prohibiting the Bond Bank from purchasing the Warrants with the proceeds of such Notes, (3) in any way contesting or affecting the validity of the Notes or (4) restraining or enjoining any proceedings of the Bond Bank taken with respect to the issuance or sale thereof or the pledge or application of any moneys or security provided for the payment of the Notes. Neither the creation, organization or existence of the Bond Bank nor the title of any of the present Directors or other officers of the Bond Bank to their respective offices is being contested.

Qualified Entities

Upon the issuance of the Warrants, the Bond Bank will receive a certification from each Qualified Entity described in Appendix A to the effect that there is not now pending or, to the best knowledge of such Qualified Entity, threatened any litigation restraining or enjoining (i) the execution of the Warrants or the Agreements or (ii) any proceedings of such Qualified Entity taken with respect to the Warrants or the pledge or application of any moneys or security provided for the payment of the Warrants, or in any way contesting or affecting the validity of the Warrants or the Agreements.

TAX MATTERS

In the opinion of Baker & Daniels, Indianapolis, Indiana, Bond Counsel, under existing law, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended and in effect on the date of issuance of the Notes (the "Code"). The opinion of Baker & Daniels is based on certain certifications, covenants and representations of the Bond Bank and the Qualified Entities and is conditioned on continuing compliance therewith. In the opinion of Baker & Daniels, Indianapolis, Indiana, Bond Counsel, under existing law, interest on the Notes is exempt from taxation in the State of Indiana for all purposes except for inheritance taxes and the franchise tax imposed upon financial institutions. See Appendix C for the form of Bond Counsel opinion.

The Code imposes certain requirements which must be met subsequent to the issuance of the Notes as a condition to the exclusion from gross income of interest on the Notes for federal tax purposes. Noncompliance with such requirements may cause interest on the Notes to be included in gross income for federal tax purposes retroactive to the date of issue, regardless of the date on which noncompliance occurs. Should the Notes bear interest that is not excluded from gross income for federal income tax purposes, the market value of the Notes would be materially and adversely affected. It is not an event of default if interest on the Notes is not excludable from gross income for federal tax purposes pursuant to any provision of the Code which is not in effect on the date of issuance of the Notes.

The interest on the Notes is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. However, certain corporations must take into account interest on the Notes in determining "adjusted current earnings" for the purpose of computing such alternative minimum tax.

Indiana Code 6-5.5, as amended, imposes a franchise tax on certain taxpayers (as defined in Indiana Code 6-5.5, as amended), which, in general, includes all corporations which are transacting the business of a financial institution in Indiana. The franchise tax is measured in part by interest excluded from gross income under Section 103 of the Code, minus associated expenses disallowed under Section 265 of the Code.

Although Bond Counsel will render an opinion that interest on the Notes is excluded from gross income for federal tax purposes and exempt from State income tax, the accrual or receipt of interest on the Notes may otherwise affect an owner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the owner's particular tax status and the owner's other items of income or deduction. Taxpayers who may be affected by such other tax consequences include, without limitation, financial institutions, certain insurance companies, S corporations, certain foreign corporations, individual recipients of Social Security or railroad retirement benefits, individuals eligible to claim the earned income credit under Section 32 of the Code and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry the Notes. Except as expressly set forth above, Bond Counsel expresses no opinion regarding any other such tax consequences. Prospective purchasers of the Notes should consult their own tax advisors with respect to the tax consequences of owning the Notes.

The foregoing does not purport to be a comprehensive description of all of the tax consequences of owning the Notes. Prospective purchasers of the Notes should consult their own tax advisors with respect to the foregoing and other tax consequences of owning the Notes.

LEGAL MATTERS

Certain legal matters incident to the authorization and issuance of the Notes by the Bond Bank are subject to the approval of Baker & Daniels, Indianapolis, Indiana, Bond Counsel, whose approving opinion will be delivered with the Notes. Bond Counsel will render a further opinion that representatives of such firm have reviewed the information contained under the captions, "INTRODUCTION" (other than information under the headings "The Bond Bank" and "The Official Statement; Additional Information"), "SECURITY AND SOURCES OF PAYMENT FOR THE NOTES" (other than information under the headings "Provisions for Payment of the Warrants", "Enforcement of Warrants" (excepting the first paragraph thereof), "Credit Facility" and "The Investment Agreement"), "DESCRIPTION OF THE NOTES" (other than information under the heading "Book-Entry-Only System"), "REVENUES, FUNDS AND ACCOUNTS," "OPERATION OF FUNDS AND ACCOUNTS," "TAX MATTERS" and "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" in Appendix E, in Appendix B-1 and in Appendix C of this Official Statement and determined that such information, insofar as it purports to summarize certain provisions of the Act, the Notes and the Indenture, presents a fair summary of such provisions. Bond Counsel has not undertaken to review the accuracy or completeness of statements under any other heading of this Official Statement, and expresses no opinion thereon and assumes no responsibility in connection therewith. Certain legal matters will be passed upon for the Bond Bank by its counsel, Barnes & Thornburg, Indianapolis, Indiana. Certain legal matters will be passed upon for the Underwriters by their counsel, Mayer, Brown & Platt, Chicago, Illinois, and for the Bank, by its counsel, Emmet, Marvin & Martin, LLP, New York, New York.

Bingham Summers Welsh & Spilman, Indianapolis, Indiana, serves as bond counsel to the Qualified Entities in connection with the issuance and sale of the Warrants to the Bond Bank and will be passing on certain legal matters in connection therewith.

The remedies available to the Trustee, to the Bond Bank or to the owners of the Notes upon an Event of Default under the Indenture, under the terms of any of the Warrants purchased by the Bond Bank, under the terms of any Agreement or under the terms of the Investment Agreement or the Credit Facility Agreement are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code (the United States Bankruptcy Code), the remedies provided in the Indenture and under the Warrants, the Agreements, the Investment Agreement or the Credit Facility Agreement may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Notes will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally (regardless of whether such enforceability is considered in a proceeding in equity or in law), by general principles of equity (regardless of whether such proceeding is considered in a proceeding in equity or at law) and by the valid exercise of the constitutional powers of the State

and the United States of America. These exceptions would encompass any exercise of any of the Qualified Entity's police powers in a manner consistent with the public health and welfare. Enforceability of the Indenture, the Warrants or the Agreements in situations where such enforcement may adversely affect public health and welfare may be subject to the police powers of the State or any of the Qualified Entities.

RATINGS

Moody's Investors Service ("Moody's") and Standard & Poor's Ratings Services ("S&P") have assigned ratings of "MIG-1" and "SP-1+" respectively, to the Notes. These ratings reflect only the view of Moody's and S&P and an explanation thereof may be obtained from Moody's at 99 Church Street, New York, New York 10007 and from S&P at 55 Water Street, New York, New York 10041. None of such ratings is a recommendation to buy, sell or hold the Notes. There is no assurance that such ratings will remain in effect for any given period of time or that any of such ratings will not be lowered or withdrawn entirely by Moody's or S&P if, in their judgment, circumstances so warrant. Any such downward revision or withdrawal of the ratings may have an adverse effect upon the market price or marketability of the Notes.

UNDERWRITING

Under a contract of purchase entered into between the Underwriters listed on the cover page of this Official Statement and the Bond Bank, the Notes are being purchased by the Underwriters for reoffering at an aggregate purchase price of \$372,855,902. The purchase price reflects a premium of \$69,656 on the Series 2001 A-1 Notes and of \$2,229,373 on the Series 2001 A-2 Notes and an aggregate Underwriters' discount of \$278,126. The contract of purchase provides that the Underwriters will purchase all of the Notes if any are purchased. The obligations of the Bond Bank to deliver the Notes and of the Underwriters to accept delivery of the Notes are subject to various conditions contained in the contract of purchase.

The Underwriters have agreed to make an initial public offering of all of the Notes at yields not less than the yields set forth on the cover page of this Official Statement. The Underwriters may offer and sell the Notes to certain dealers (including dealers depositing the Notes into investment trusts) at prices lower than the initial public offering prices reflected on the cover page of this Official Statement.

CONTINUING DISCLOSURE

General

Pursuant to the terms of the Indiana Bond Bank Continuing Disclosure Agreement, the Bond Bank, while the Notes are outstanding (unless the Notes are defeased), has agreed to provide to each nationally recognized municipal securities information repository ("NRMSIR"), or to the Municipal Securities Rulemaking Board, and to the Indiana State Information Depository then in existence, if

any (the "State Depository"), the following event notices with respect to the Notes, if material, and in a timely manner:

- 1) principal and interest payment delinquencies;
- 2) non-payment related defaults;
- 3) unscheduled draws on debt service reserves reflecting financial difficulties;
- 4) unscheduled draws on credit enhancements reflecting financial difficulties;
- 5) substitution of credit or liquidity providers, or their failure to perform;
- 6) adverse tax opinions or events affecting the tax-exempt status of the security;
- 7) modifications to rights of security holders;
- 8) bond calls;
- 9) defeasances;
- 10) release, substitution or sale of property securing repayment of the securities; and
- 11) rating changes.

Each Qualified Entity, while the Notes are outstanding or until its Warrants are legally defeased, redeemed or paid in full, has agreed to provide to the Bond Bank the preceding event notices with respect to its Warrants if material, and in a timely manner. The disclosure obligations of the Bond Bank and each of the Qualified Entities are referenced as the "Undertakings."

Remedy

The purpose of the Undertakings is to enable the Underwriters to purchase the Notes in satisfaction of Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"). The Undertakings are solely for the benefit of the holders and Beneficial Owners of the Notes. The sole remedy against the Bond Bank or any Qualified Entity for any failure to carry out any provision of the Undertakings shall be for specific performance of the Bond Bank's or such Qualified Entity's disclosure obligations under the Undertakings. The Trustee may (and, at the request of the holders of at least 25% in aggregate principal amount of Outstanding Notes, shall), or any holder or Beneficial Owner of the Notes, may seek a mandate or specific performance by court order, to cause the Bond Bank or Qualified Entity to comply with its obligations under the Undertakings. For the purposes of this section only, "Beneficial Owner" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Notes (including persons holding any Notes through nominees, depositories or other intermediaries) or (b) is treated as the owner of any Note for federal income tax purposes.

Failure on the part of the Bond Bank or any Qualified Entity to honor its Undertaking shall not constitute a breach or default under the Notes, the Indenture, the Warrants or any other agreement to which the Bond Bank or the Qualified Entity is a party.

Modification of Undertakings

The Bond Bank, the Trustee and any Qualified Entity may, from time to time, amend any provision of the Undertakings without the consent of the holders or Beneficial Owners of the Notes

if: (a) such amendment (if related to certain provisions of the Undertakings) is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Bond Bank or any Qualified Entity or type of business conducted, (b) the respective Undertaking, as so amended, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule on the date of execution thereof, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and (c) such amendment either (i) is approved by the holders of the Notes in the same manner as provided in the Indenture for amendments to the Indenture with the consent of holders or (ii) in the opinion of nationally recognized bond counsel, does not materially impair the interests of the holders or Beneficial Owners of the Notes.

Copies of the Undertakings are available from the Bond Bank upon request.

Compliance with Previous Undertakings

In the previous five years, the Bond Bank and each of the Qualified Entities has never failed to comply, in all material respects, with any previous undertakings in a written contract or agreement that any of them entered into pursuant to subsection (b)(5) of the Rule.

MISCELLANEOUS

The Bond Bank's offices are located at 2980 Market Tower, 10 West Market Street, Indianapolis, Indiana 46204, telephone (317) 233-0888.

All quotations from, and summaries and explanations of, the Act, the Indenture, the Credit Facility Agreement and the Agreements contained in this Official Statement do not purport to be complete and reference is made to each such document or instrument for full and complete statements of its provisions. The attached Appendices are an integral part of this Official Statement and must be read together with all of the foregoing statements. Copies in a reasonable quantity of the Act, the Indenture, the form of Agreement, the Credit Facility Agreement and the supplemental materials furnished to the Bond Bank by the Qualified Entities may be obtained upon request directed to the Bond Bank.

It is the Bond Bank's current policy to provide its financial statements to the holders of its obligations, including the Notes, upon written request. In addition, certain other information concerning the Bond Bank is available to the Trustee and holders of the Notes pursuant to the Indenture.

Neither any advertisement of the Notes nor this Official Statement is to be construed as constituting an agreement with the purchasers of the Notes. So far as any statements are made in this Official Statement involving matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact.

This Official Statement has been duly approved, executed and delivered by the Bond Bank.

INDIANA BOND BANK

By: /s/ Tim Berry
Chairman Ex Officio

APPENDIX A

SUMMARY OF INFORMATION REGARDING THE QUALIFIED ENTITIES

The proceeds of the Notes are anticipated to be used by the Trustee on behalf of the Bond Bank to purchase Warrants from the respective Qualified Entities set forth in this Appendix A. As of the date of the issuance of the Notes, such Qualified Entities will have entered into Agreements with the Bond Bank. The Bond Bank may also use the proceeds of the Notes to purchase Warrants from other Qualified Entities or in additional amounts from Qualified Entities participating in the Program if for any reason a Qualified Entity described in this Appendix A does not participate, either in whole or in part, in the Program.

The following Qualified Entities, as further described below, have a taxpayer or industry group of taxpayers that in the aggregate comprise 10% or more of Assessed Valuation of the Qualified Entity:

<u>Qualified Entity</u>	<u>Total Warrants as a Percentage of Notes</u>
LAKE COUNTY QUALIFIED ENTITIES *	
Lake County	10.63%
Calumet Township	1.67
City of East Chicago (1)	3.18
East Chicago Public Library (1)	.40
East Chicago Sanitary District (1)	1.16
School City of East Chicago (1)	1.88
Gary Community School Corporation	2.11
Gary Public Library	.16
OTHER QUALIFIED ENTITIES	
DeKalb County Eastern Schools	.37%
Elwood Community School Corporation	.09
Fayette County School Corporation	.54
Kokomo–Center Township Consolidated School Corporation	.81
Lawrenceburg Community School Corporation	.50
Madison Consolidated School Corporation	.07
Marion Community School Corporation	.53
Metropolitan School District of Mt. Vernon	1.26
Metropolitan School District of Southwest Allen County	1.91
South Montgomery School Corporation	.33
Warrick County School Corporation	2.05

* The Qualified Entities listed under this heading do not represent all of the Qualified Entities participating in the Program located in this county.

(1) As mentioned under the caption “RISK FACTORS”, a more detailed discussion of this Qualified Entity can be found on page A-2.

LAKE COUNTY QUALIFIED ENTITIES

Lake County is located in the northwest corner of the State of Indiana on Lake Michigan. It is a high density industrial area which also contains several residential communities in the greater Chicago Metropolitan Area. Steel production is one of the largest industries in the area and several governmental units have large steel producers as taxpayers. Three steel producers (Inland Steel, USX and LTV Steel) together comprise 23% of the Assessed Valuation of **Lake County**, a participating Qualified Entity.

Calumet Township – A steel producer, USX, comprises 43% of the Assessed Valuation of **Calumet Township**, a participating Qualified Entity.

Four participating Qualified Entities (**City of East Chicago, East Chicago Public Library, East Chicago Sanitary District and School City of East Chicago**) have the same tax base. Two steel producers (Inland Steel and LTV Corp.) comprise 51% and 17%, respectively, of the Assessed Valuation of the **City of East Chicago, East Chicago Public Library, East Chicago Sanitary District and School City of East Chicago**.

LTV Corp., a nationwide steel company with a plant located in East Chicago, Indiana, filed for protection under Title 11 of the United States Code (the United States Bankruptcy Code) in late December 2000. No assurance has or can be given that LTV Corp. will pay its Ad Valorem Property Taxes levied on its East Chicago, Indiana plant when due in May and November of 2001.

The municipal officials of the affected East Chicago Qualified Entities have indicated that various measures are being considered to mitigate the impact of the LTV Corp. bankruptcy on their fiscal year 2001 operating budgets. In addition, the affected East Chicago Qualified Entities are borrowing less than the maximum amounts permitted under the Program. Although no assurance can be given, based on historical Ad Valorem Property Tax collections by the affected East Chicago Qualified Entities for the past ten years, the affected East Chicago Qualified Entities anticipate having sufficient Ad Valorem Property Tax collections to make principal and interest payments on their Warrants even if no Ad Valorem Property Taxes are collected from LTV Corp. Finally, the City of East Chicago, the East Chicago Public Library and the East Chicago Sanitary District have agreed to enter into a deposit agreement with the Bond Bank, pursuant to which all tax receipts and other revenues payable by or through the Lake County Auditor's Office to or for the benefit of the Qualified Entity's Warrant Fund, are to be transmitted directly to an account with a local bank and used to pay principal and interest on the Warrants at the direction of the Bond Bank. Based upon representations of the School City of East Chicago concerning fund reserves held by the School City of East Chicago, it will not be required to enter into the aforementioned deposit agreement.

Two participating Qualified Entities (**Gary Community School Corporation and Gary Public Library**) have the same tax base. USX, a steel producer, comprises 58% of the Assessed Valuation of the **Gary Community School Corporation and the Gary Public Library**.

OTHER QUALIFIED ENTITIES

DeKalb County Eastern Schools – DeKalb County Eastern Schools is located in northeastern Indiana about 25 miles northeast of Fort Wayne, Indiana. The largest taxpayer in the School District is a steel producer (Steel Dynamics Incorporated) which comprises 12% of the Assessed Valuation of DeKalb County Eastern Schools.

Elwood Community School Corporation – The Elwood Community School Corporation is located in Madison County in north central Indiana about 30 miles northeast of Indianapolis. The largest taxpayer in the School District is an automotive manufacturer (ELSA Corporation) which comprises 12% of the Assessed Valuation of the Elwood Community School Corporation.

Fayette County School Corporation – The Fayette County School Corporation is located in Fayette County in east central Indiana about 70 miles east of Indianapolis. The largest taxpayer in the school district is an automotive manufacturer (Ford Electronics) which comprises 24% of the Assessed Valuation of the Fayette County School Corporation.

Kokomo–Center Township Consolidated School Corporation - The Kokomo-Center Township Consolidated School Corporation is located in north central Indiana about 40 miles north of Indianapolis. The largest taxpayers in the School District are two automotive companies (Delphi Delco Electronics and Daimler Chrysler Corporation) which comprise 26% and 21%, respectively, of the Assessed Valuation of the Kokomo-Center Township Consolidated School Corporation.

Lawrenceburg Community School Corporation - The Lawrenceburg Community School Corporation is located in Dearborn County in the southeastern portion of the State of Indiana near Cincinnati, Ohio. The largest taxpayer in the School District is Indiana Michigan Power Company (a utility) which comprises 17% of the Assessed Valuation of the Lawrenceburg Community School Corporation.

Madison Consolidated School Corporation - Madison Consolidated School Corporation is located in Jefferson County in southern Indiana just west of Cincinnati, Ohio. The largest taxpayer in the School District is a utility (Indiana-Kentucky Electric Company) which comprises 15% of the Assessed Valuation of the Madison Consolidated School Corporation.

Marion Community School Corporation - The Marion Community School Corporation is located in Grant County in the central portion of the State of Indiana north of Indianapolis. The largest taxpayer in the School District is an automotive manufacturer (General Motors) which comprises 17% of the assessed valuation of the Marion Community School Corporation.

Metropolitan School District of Mt. Vernon - The Metropolitan School District of Mt. Vernon is located in Posey County in the southwest corner of the State of Indiana just west of Evansville, Indiana. The largest taxpayer in the School District is a plastics manufacturer (General Electric) which comprises 38% of the Assessed Valuation of the Metropolitan School District of Mt. Vernon.

Metropolitan School District of Southwest Allen County – The Metropolitan School District of Southwest Allen County is located in Allen County in northeastern Indiana near Fort Wayne, Indiana. The largest taxpayer in the School District is an automotive manufacturer (General Motors) which comprises 16% of the Assessed Valuation of the Metropolitan School District of Southwest Allen County.

South Montgomery School Corporation - The South Montgomery School Corporation is located in Montgomery County in the west central portion of the State of Indiana. The largest taxpayer in the School District is a steel producer (Nucor) which comprises 18% of the Assessed Valuation of the South Montgomery School Corporation.

Warrick County School Corporation - Warrick County School Corporation is located in Warrick County in southern Indiana just east of Evansville, Indiana. The largest taxpayer in the School District is an aluminum producer (ALCOA) which comprises 27% of the Assessed Valuation of the Warrick County School Corporation.

Reports

Copies in reasonable quantities of the most recent State Board of Accounts Audit Reports, CTARs (unaudited annual financial report for units of government other than school corporations) and Form 9s (unaudited semi-annual financial report for school corporations) for the last two calendar years have been furnished to the Bond Bank by the Qualified Entities described in this Appendix A and may be obtained upon request directed to the Bond Bank, 10 W. Market Street, Suite 2980, Indianapolis, Indiana 46204, telephone (317) 233-0888. Copies of State Board of Accounts Audit Reports and CTARs are also available from the State Board of Accounts, 302 West Washington Street, Room E418, Indiana Government Center South, Indianapolis, Indiana 46204. Copies of Form 9s are also available from the Indiana Department of Education, Division of School Finance, Room 229, State House, Indianapolis, Indiana 46204.

Information Pertaining to the Qualified Entity and its Warrant Borrowings

Certain information pertaining to the Qualified Entities anticipated to issue Warrants to be purchased with the proceeds of the Notes is set forth in tabular form in this Appendix A under the heading "Qualified Entity Borrowing Information for Notes". Such information includes, for each respective Qualified Entity, the following: the Fund of such Qualified Entity for which a Warrant is anticipated to be issued; the County in which the Qualified Entity is situated (in the case of Qualified Entities situated in more than one County, the predominant County); the Maximum Allowable Borrowing for such Qualified Entity under the Program limitations established by the Bond Bank (see the caption "THE PROGRAM -- Program Participation and Borrowing Limits" in this Official Statement); the anticipated Principal Amount of the Warrant to mature December 31, 2001; the anticipated Principal Amount of the Warrant to mature June 29, 2001; the Percentage of Note Issue Size of the Warrants anticipated to be issued for such Qualified Entity to the total principal amount of the Notes; the Estimated 2001 Ad Valorem Property Tax Levy for the Fund of the Qualified Entity estimated to be collected for and distributed to the Qualified Entity for such Fund; the Total Estimated Fund Revenues to be received by the Qualified Entity for the Fund during the calendar year 2001; and the Average Percentage of Tax Collections for the calendar years 1997, 1998 and 1999 for the Qualified Entity.

The information described above and set forth in tabular form in this Appendix A, unless otherwise indicated, was obtained from information submitted to the Bond Bank by the Qualified Entities and, while believed to be reliable, has not been verified by independent investigation. The Bond Bank will require that each of the Qualified Entities certify, as of the date that its respective Warrants are purchased by the Bond Bank, that the information contained in this Official Statement relating to such Qualified Entities and their respective Warrants was correct as of the date of this Official Statement and continues to be correct as of the date that its respective Warrants are purchased by the Bond Bank. The material set forth in this Appendix A is for information and background purposes only and is not intended and should not be deemed to be a comprehensive or exhaustive presentation of all financial and economic information which may be pertinent with respect to each Qualified Entity. Further, the information in this Appendix A does not represent an analysis or representation of all of the detailed financial and other information reviewed by the Bond Bank and Municipal Consultants/Crowe Chizek in the course of the Bond Bank's determination to purchase the Warrants of the Qualified Entities.

INDIANA BOND BANK
Qualified Entity Borrowing Information For Notes

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<u>Qualified Entity</u>	<u>Fund(1)</u>	<u>County</u>	Estimated 2001 Ad Valorem Property <u>Tax Levy (2)</u>	Maximum Allowable <u>Borrowing (3)</u>	Principal Amount of Warrant <u>(December)</u>	Principal Amount of Warrant <u>(June)</u>	Warrants As A Percentage of Note Issue Size	Total 2001 Estimated Fund Revenues <u>(4)</u>	Average Tax Collections For 1997, 1998, and 1999 <u>(5)</u>
<u>Schools</u>									
Anderson Community Schools	G	Madison	\$ 16,251,036	\$ 6,500,414	\$ 6,500,414	\$ 4,409,902	3.69 %	\$ 63,822,357	100.23 %
	CP		5,572,158	2,228,863	2,228,863	607,870		6,929,850	
Beech Grove City Schools	T	Marion	491,488	196,595	196,595	65,016	0.12	655,915	101.35
	CP		778,119	311,247	198,369			965,301	
Brown County School Corp	CP	Brown	1,364,200	545,680	545,680	59,682	0.16	1,531,202	99.17
Brownsburg Comm School Corp	G	Hendricks	6,986,428	2,794,571	1,458,616		0.39	26,609,760	99.95
Cannelton City Schools	G	Perry	366,660	146,664	90,000		0.02	1,653,260	97.91
Center Grove Comm School. Corp	G	Johnson	9,551,139	3,820,455	1,529,164		0.43	32,581,943	100.38
	T		1,076,057	430,422	72,471			2,044,609	
Centerville-Abington Comm Schools	T	Wayne	484,963	193,985	193,985	40,643	0.06	986,814	100.22
Clark-Pleasant Comm School Corp	G	Johnson	4,400,182	1,760,072	1,760,072	239,928	0.72	16,710,500	100.74
	CP		1,801,521	720,608	295,000			2,122,000	
	T		1,032,852	413,140	399,999			1,256,573	
Cowan Community School Corp	G	Delaware	760,639	304,255	304,255	188,307	0.18	3,378,722	100.55
	TB		49,877	19,950	19,950	3,086		53,800	
	TO		171,225	68,490	61,387			248,156	
	CP		250,784	100,313	100,313	2,537		320,400	
Crown Point Community School Corp	G	Lake	7,227,764	2,891,105	1,383,117		0.52	28,241,000	99.26
	T		1,736,759	694,703	544,615			2,609,796	
DeKalb County Eastern CSD	G	DeKalb	3,167,514	1,267,005	1,008,122		0.37	7,445,470	100.07
	CP		1,335,332	534,132	270,716			1,439,984	
	TB		161,844	64,737	64,737	3,160		213,888	
	TO		602,820	241,128	37,036			824,404	
East Allen County School Corp	T	Allen	3,109,683	1,243,873	362,000	338,000	1.32	823,604	103.15
	G		15,132,389	6,052,955	4,200,000			52,808,617	
School City of East Chicago	G	Lake	19,863,708	7,945,483	7,000,000		1.88	44,700,000	100.06
East Gibson School Corp	G	Gibson	1,707,147	682,858	679,391		0.18	6,355,255	99.84
East Porter County Schools	G	Porter	4,700,347	1,880,138	1,600,352		0.43	11,022,500	100.18
Elwood Community School Corp	G	Madison	1,728,293	691,317	287,562		0.09	11,625,000	100.48
	T		266,598	106,639	49,086			527,500	
Evansville-Vanderburgh Schools	G	Vanderburgh	44,416,762	17,766,704	15,000,000		6.44	131,937,455	99.92
	T		8,151,725	3,260,690	3,000,000			11,229,324	
	CP		16,264,984	6,505,993	6,000,000			18,867,889	
Fayette County School Corp	CP	Fayette	1,890,981	756,392	457,224		0.54	2,056,955	101.59
	G		6,056,822	2,422,728	1,143,454			23,814,539	
	T		1,154,294	461,717	417,258			1,714,912	

THE FOOTNOTES (1) THROUGH (6), AS REFERENCED ABOVE, CONTAINED ON PAGE A-13 OF THIS APPENDIX ARE A MATERIAL PART OF THIS TABLE AND SHOULD BE CAREFULLY REVIEWED .

INDIANA BOND BANK
Qualified Entity Borrowing Information For Notes

<u>Qualified Entity</u>	<u>Fund(1)</u>	<u>County</u>	Estimated 2001 Ad Valorem Property <u>Tax Levy (2)</u>	Maximum Allowable Borrowing (3)	Principal Amount of Warrant <u>(December)</u>	Principal Amount of Warrant <u>(June)</u>	Warrants As A Percentage of Note Issue Size	Total 2001 Estimated Fund Revenues (4)	Average Tax Collections For 1997, 1998, and 1999 (5)
Flat Rock-Hawcreek School Corp	CP	Bartholomew	166,568	66,627	38,000		0.07	164,072	102.16
	G		876,413	350,565	220,000			5,742,465	
Fort Wayne Community Schools	G	Allen	50,321,249	20,128,499	13,000,000		4.16	163,516,255	100.53
	TB		1,782,168	712,867	712,867			13,085,696	
	TO		10,992,863	4,397,145	1,800,000			2,049,477	
Franklin Comm School Corp	G	Johnson	6,642,210	2,656,884	898,892		0.24	21,778,341	99.80
Frankton-Lapel Comm Schools	G	Madison	2,396,145	958,458	958,458	515,728	0.40	11,252,404	99.48
Fremont Community Schools	G	Steuben	3,381,212	1,352,484	1,248,524		0.41	6,897,650	103.14
	T		675,624	270,249	159,300			825,192	
	CP		674,682	269,872	106,950			788,151	
Gary Community Schools	G	Lake	20,607,104	8,242,841	7,853,012		2.11	140,378,348	101.35
Greenwood Community Schools	G	Johnson	6,075,080	2,430,032	2,430,032	470,076	0.89	19,046,234	99.72
	T		650,417	260,166	260,166	150,209		1,176,090	
Hamilton Heights School Corp	G	Hamilton	3,045,036	1,218,014	872,903		0.27	12,370,826	100.60
	T		641,544	256,617	129,862			1,223,979	
School City of Hammond	G	Lake	17,850,331	7,140,132	7,140,132	5,962,913	4.37	78,015,264	98.27
	T		2,822,141	1,128,856	1,128,856	477,032		4,335,976	
	CP		3,731,262	1,492,504	1,492,504	62,645		3,969,353	
Hanover Community School Corp	G	Lake	1,713,639	685,455	685,455	156,272	0.34	7,774,068	100.44
	CP		509,764	203,905	203,905	123,652		568,857	
	TB		118,717	47,486	47,486	47,486		138,980	
Harrison-Washington Comm School Corp	G	Delaware	1,242,434	496,973	257,111		0.07	4,905,652	103.45
Indianapolis Public Schools	G	Marion	85,791,061	34,316,424	17,000,000		7.25	305,034,700	96.01
	T		26,919,446	10,767,778	10,000,000			32,273,000	
Jay School Corp	CP	Jay	1,810,398	724,159	724,159	85,799	0.33	1,924,797	104.52
	G		5,065,250	2,026,100	279,183			21,788,748	
	DS		514,550	205,820	139,649			655,291	
John Glenn School Corporation	DS	St. Joseph	1,960,041	784,016	394,792		0.24	2,098,740	102.98
	G		1,844,222	737,688	482,306			9,269,250	
Kokomo-Center Township Con School	G	Howard	22,554,874	9,021,949	2,801,291		0.81	43,868,999	100.18
	T		1,497,098	598,839	234,785			1,724,688	
Lakeland School Corp	G	LaGrange	3,249,932	1,299,972	1,000,000		0.27	12,756,352	104.73
Lake Station Community Schools	G	Lake	828,778	331,511	250,000		0.07	9,150,000	101.03
LaPorte Community School Corp	G	LaPorte	7,977,637	3,191,054	3,100,000		0.83	33,048,634	100.80
Lawrenceburg Community School Corp	G	Dearborn	5,102,284	2,040,913	1,871,223		0.50	9,630,495	102.07
Madison Consolidated Schools	G	Jefferson	6,729,496	2,691,798	262,626		0.07	19,706,476	99.65
Marion Community Schools	G	Grant	16,653,526	6,661,410	1,966,244		0.53	39,553,307	99.87
Marion-Adams Schools	G	Hamilton	1,515,231	606,092	299,035		0.08	6,312,518	103.08

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INDIANA BOND BANK
Qualified Entity Borrowing Information For Notes

A-8

<u>Qualified Entity</u>	<u>Fund(1)</u>	<u>County</u>	Estimated 2001 Ad Valorem Property <u>Tax Levy (2)</u>	Maximum Allowable Borrowing (3)	Principal Amount of Warrant (December)	Principal Amount of Warrant (June)	Warrants As A Percentage of Note Issue Size	Total 2001 Estimated Fund Revenues (4)	Average Tax Collections For 1997, 1998, and 1999 (5)
Michigan City Area Schools	G	LaPorte	13,430,658	5,372,263	5,137,580		1.38	44,713,656	100.92
Mill Creek Community Schools	G	Hendricks	1,676,183	670,473	241,704		0.09	7,608,511	99.89
	CP		747,750	299,100	86,075			898,564	
Monroe County School Corp	G	Monroe	21,576,041	8,630,416	5,021,092		1.70	56,472,553	99.55
	T		3,875,488	1,550,195	1,303,784			4,870,815	
Mooresville Consolidated Schools	T	Morgan	1,043,985	417,594	415,401		0.73	1,417,065	100.88
	CP		1,806,846	722,738	661,715			2,253,856	
	DS		2,899,838	1,159,935	665,075			3,360,072	
	G		4,671,893	1,868,757	995,601			21,950,517	
MSD-Franklin Township	G	Marion	7,909,732	3,163,892	3,043,040		0.95	28,995,910	100.17
	T		1,334,842	533,936	491,322			2,881,407	
MSD-Lawrence Township	G	Marion	29,562,123	11,824,849	9,100,000		3.30	84,293,691	98.39
	T		6,305,240	2,522,096	2,522,096	677,904		7,959,770	
MSD-Mt Vernon	G	Posey	13,766,167	5,506,466	4,600,000		1.26	17,976,343	96.29
	T		1,167,964	467,185	100,000			1,274,521	
MSD-Perry Township	G	Marion	19,416,513	7,766,605	7,347,790		1.97	64,066,296	101.16
MSD-Pike Township	G	Marion	35,852,676	14,341,070	6,195,839		1.93	55,783,119	99.95
	T		3,524,907	1,409,962	979,211			4,033,928	
MSD of Steuben County	G	Steuben	5,244,120	2,097,648	1,109,666		0.30	14,921,027	101.76
MSD of Southwest Allen County	G	Allen	15,879,850	6,351,940	5,191,800		1.91	32,391,724	102.31
	CP		4,832,864	1,933,145	1,573,154			5,494,000	
	TO		1,330,024	532,009	357,108			1,873,547	
MSD-Washington Township	G	Marion	33,470,478	13,388,191	13,000,000		4.00	59,612,824	97.16
	T		4,907,003	1,962,801	1,900,000			5,504,715	
MSD of Wayne Township	G	Marion	23,014,869	9,205,947	5,000,000		2.24	72,887,943	98.25
	CP		9,940,935	3,976,374	3,000,000			11,447,329	
	TB		950,738	380,295	350,000			1,059,279	
School Town of Munster	G	Lake	7,523,850	3,009,540	2,910,718		1.14	23,770,711	97.97
	CP		2,450,005	980,002	788,823			2,670,000	
	TB		338,292	135,316	135,316	40,291		368,787	
	TO		1,043,614	417,445	376,847			1,210,189	
New Albany Floyd School Corp	G	Floyd	15,404,237	6,161,694	5,000,000		1.34	60,200,000	104.57
Nineveh-Hensley-Jackson	G	Johnson	2,292,380	916,952	914,096		0.29	8,913,639	100.52
	T		551,204	220,481	176,939			843,630	
North Gibson School Corp	G	Gibson	4,311,041	1,724,416	426,439		0.11	10,910,000	99.06
North Miami Comm Schools	G	Miami	1,231,869	492,747	250,000		0.08	6,251,162	107.18
	CP		450,518	180,207	75,000			584,026	

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INDIANA BOND BANK
Qualified Entity Borrowing Information For Notes

A-9

<u>Qualified Entity</u>	<u>Fund(1)</u>	<u>County</u>	Estimated 2001 Ad Valorem Property <u>Tax Levy (2)</u>	Maximum Allowable Borrowing (3)	Principal Amount of Warrant (December)	Principal Amount of Warrant (June)	Warrants As A Percentage of Note Issue Size	Total 2001 Estimated Fund Revenues (4)	Average Tax Collections For 1997, 1998, and 1999 (5)
North Montgomery School Corp	G	Montgomery	3,872,850	1,549,140	540,634		0.15	10,168,254	100.48
Oak Hill United School Corporation	G	Grant	1,791,146	716,458	573,242		0.19	8,351,906	100.57
	T		347,930	139,172	130,953			509,789	
Peru Community Schools	G	Miami	2,700,996	1,080,398	943,367		0.25	14,320,454	102.19
Plainfield Comm School Corp	G	Hendricks	6,165,746	2,466,298	1,374,000		0.39	18,775,000	100.60
	T		914,165	365,666	86,000			1,126,000	
Portage Township Schools	G	Porter	10,984,120	4,393,648	2,448,049		1.34	44,370,679	99.68
	CP		4,600,141	1,840,056	1,372,921			5,192,010	
	T		2,946,036	1,178,414	1,170,000	9,000		3,836,249	
Porter Township School Corp	G	Porter	2,060,860	824,344	788,767		0.41	8,070,882	101.00
	CP		922,969	369,187	369,187	369,187		1,066,000	
Rensslear Central School Corp	G	Jasper	2,931,373	1,172,549	862,993		0.28	9,215,000	99.95
	T		386,343	154,537	154,537	25,937		481,400	
South Henry School	G	Henry	1,000,980	400,392	219,951		0.06	4,531,715	99.41
Southeastern School Corp	G	Cass	2,241,103	896,441	853,790		0.23	9,798,090	100.88
South Montgomery School Corp	G	Montgomery	4,324,217	1,729,686	1,224,600		0.33	10,421,000	102.35
Southwestern Jefferson County School	G	Jefferson	1,277,282	510,912	124,932		0.15	8,089,174	102.81
	CP		555,312	222,124	222,124	28,860		665,121	
	T		545,922	218,368	181,769			545,956	
Switzerland County School Corp	G	Switzerland	1,983,035	793,214	463,996		0.19	8,573,209	96.38
	T		689,989	275,995	234,645			1,033,525	
Taylor Community School Corp	G	Howard	2,136,338	854,535	1,141,586	(6)	0.35	9,022,180	95.74
	T		359,200	143,680	143,680	7,932		489,991	
Wa-Nee Community Schools	G	Elkhart	5,462,847	2,185,138	1,278,508		0.38	14,844,578	100.10
	T		897,037	358,814	122,348			1,228,944	
Warrick County School Corporation	G	Warrick	17,332,386	6,932,954	6,224,191		2.05	44,109,690	100.52
	T		3,934,975	1,573,990	1,415,610			4,588,785	
Warsaw Community Schools	G	Kosciusko	12,642,529	5,057,011	3,315,124		0.89	21,466,370	101.77
West Lafayette Comm School Corp	G	Tippecanoe	7,383,880	2,953,552	2,498,733		0.70	12,427,318	100.20
	T		388,805	155,522	103,959			436,540	
Western School Corporation	G	Howard	3,096,109	1,238,443	1,237,155		0.39	10,867,455	101.20
	T		405,201	162,080	162,080	46,864		581,626	
Western Boone County Comm	G	Boone	2,226,156	890,462	386,023		0.14	8,976,805	100.03
	T		573,914	229,565	134,897			746,171	
Whitko Community School Corporation	G	Kosciusko	2,378,703	951,481	951,481	449,631	0.52	10,516,609	101.65
	CP		948,683	379,473	247,951			1,127,566	
	TB		176,720	70,688	70,688	70,688		205,607	
	TO		438,259	175,303	142,531			653,280	

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INDIANA BOND BANK
Qualified Entity Borrowing Information For Notes

<u>Qualified Entity</u>	<u>Fund(1)</u>	<u>County</u>	Estimated 2001 Ad Valorem Property <u>Tax Levy (2)</u>	Maximum Allowable <u>Borrowing (3)</u>	Principal Amount of Warrant <u>(December)</u>	Principal Amount of Warrant <u>(June)</u>	Warrants As A Percentage of <u>Note Issue Size</u>	Total 2001 Estimated Fund <u>Revenues (4)</u>	Average Tax Collections For 1997, 1998, and 1999 (5)
Whitley County Consolidated Schools	T	Whitley	977,198	390,879	271,952		0.61	1,194,119	102.62
	G		<u>6,543,625</u>	<u>2,617,450</u>	<u>2,011,954</u>	<u>-</u>	<u>-</u>	20,902,693	
Total Schools			<u>\$ 944,277,338</u>	<u>\$ 377,710,876</u>	<u>\$ 269,553,650</u>	<u>\$ 15,736,237</u>	<u>76.57</u> %		

INDIANA BOND BANK
Qualified Entity Borrowing Information For Notes

<u>Qualified Entity</u>	<u>Fund(1)</u>	<u>County</u>	Estimated 2001 Ad Valorem Property <u>Tax Levy (2)</u>	Maximum Allowable <u>Borrowing (3)</u>	Principal Amount of Warrant <u>(December)</u>	Principal Amount of Warrant <u>(June)</u>	Warrants As A Percentage of <u>Note Issue Size</u>	Total 2001 Estimated Fund Revenues <u>(4)</u>	Average Tax Collections For 1997, 1998, and 1999 <u>(5)</u>
<u>Cities and Towns</u>									
City of Anderson	G	Madison	\$ 17,029,334	\$ 6,811,734	\$ 2,460,291		1.06 %	\$ 29,555,526	98.14 %
	P&R		1,874,042	749,617	373,846			2,528,019	
	FP		1,018,501	407,400	407,400	\$ 91,523		2,711,033	
	PP		937,021	374,808	374,808	228,763		2,358,513	
Town of Avon	G	Hendricks	905,159	362,064	176,685		0.05	959,948	101.15
Calumet Township	G	Lake	1,108,524	443,410	413,794		1.67	1,135,213	100.69
	PS		508,746	203,498	203,498	7,985		556,050	
	P&R		375,878	150,351	150,351	1,293		389,500	
	CS		302,114	120,846	120,846	6,273		311,900	
	PR		9,749,595	3,899,838	3,899,838	1,425,772		13,859,591	
City of East Chicago	G	Lake	22,047,139	8,818,856	8,344,401	2,615,548	3.18	31,100,425	100.06
	T		427,359	170,944	161,747	65,347		973,862	
	MV		901,488	360,595	317,626			2,001,043	
	CCD		384,891	153,956	145,674	1,343		394,611	
	P&R		1,976,413	790,565	201,947			2,402,260	
City of Fort Wayne	G	Allen	25,067,710	10,027,084	3,000,000		2.97	52,664,173	100.33
	F		17,057,392	6,822,957	4,979,793			18,709,943	
	P&R		5,956,557	2,382,623	500,000			8,797,019	
	PP		3,943,894	1,577,558	1,077,828			7,168,586	
	FP		3,384,761	1,353,904	1,353,904	156,450		6,356,710	
City of Hobart	G	Lake	9,683,624	3,873,450	2,774,999		0.74	11,970,000	99.18
Town of Merrillville	G	Lake	4,849,417	1,939,767	1,277,909	-	0.34	7,405,000	101.83
Total Cities and Towns			<u>\$ 129,489,559</u>	<u>\$ 51,795,825</u>	<u>\$ 32,717,185</u>	<u>\$ 4,600,297</u>	<u>10.01 %</u>		

INDIANA BOND BANK
Qualified Entity Borrowing Information For Notes

<u>Qualified Entity</u>	<u>Fund(1)</u>	<u>County</u>	Estimated 2001 Ad Valorem Property <u>Tax Levy (2)</u>	Maximum Allowable Borrowing (3)	Principal Amount of Warrant (December)	Principal Amount of Warrant (June)	Warrants As A Percentage of Note Issue Size	Total 2001 Estimated Fund Revenues (4)	Average Tax Collections For 1997, 1998, and 1999 (5)
<u>Libraries</u>									
Anderson Public Library	O	Madison	\$ 2,701,143	\$ 1,080,457	\$ 500,000		0.13 %	4,109,689	100.17 %
Beech Grove Public Library	O	Marion	576,725	230,690	105,783		0.03	\$ 759,456	101.96
Brazil Public Library	O	Clay	170,352	68,141	68,141	\$ 17,756	0.02	352,995	99.19
Crown Point Public Library	O	Lake	832,017	332,807	200,000		0.05	1,017,000	99.96
East Chicago Public Library	O	Lake	3,921,860	1,568,744	1,484,346	7,842	0.40	4,000,395	100.07
Elkhart Public Library	O	Elkhart	2,773,858	1,109,543	319,501		0.09	4,077,186	101.36
Gary Public Library	O	Lake	5,505,574	2,202,230	581,535		0.16	5,438,016	101.41
Hammond Public Library	O	Lake	2,868,834	1,147,534	1,010,314		0.27	3,084,350	102.34
Harrison County Public Library	O	Harrison	488,485	195,394	195,394	7,023	0.05	817,006	102.55
Jeffersonville Township Public Library	O	Clark	1,079,088	431,635	219,293		0.06	1,342,017	103.13
Michigan City Public Library	O	LaPorte	1,839,305	735,722	309,009		0.08	2,520,652	100.12
Mishawaka-Penn Public Library	O	St. Joseph	1,753,698	701,479	615,000		0.17	1,946,407	98.36
Plainfield Public Library	O	Hendricks	529,500	211,800	211,800	46,409	0.07	1,404,915	100.42
Speedway Public Library	O	Marion	519,112	207,645	33,990		0.01	584,552	99.45
West Lafayette Public Library	O	Tippecanoe	355,079	142,032	142,032	6,178	0.04	516,949	100.37
Total Libraries			<u>\$ 25,914,630</u>	<u>\$ 10,365,853</u>	<u>\$ 5,996,138</u>	<u>\$ 85,208</u>	<u>1.63 %</u>		

INDIANA BOND BANK
Qualified Entity Borrowing Information For Notes

<u>Qualified Entity</u>	<u>Fund(1)</u>	<u>County</u>	<u>Estimated 2001 Ad Valorem Property Tax Levy (2)</u>	<u>Maximum Allowable Borrowing (3)</u>	<u>Principal Amount of Warrant (December)</u>	<u>Principal Amount of Warrant (June)</u>	<u>Warrants As A Percentage of Note Issue Size</u>	<u>Total 2001 Estimated Fund Revenues (4)</u>	<u>Average Tax Collections For 1997, 1998, and 1999 (5)</u>
<u>Counties and Other</u>									
East Chicago Sanitary District	S	Lake	\$ 10,104,299	\$ 4,041,720	\$ 3,824,275	\$ 488,770	1.16 %	\$ 10,662,073	100.06 %
Lake County	G	Lake	71,732,660	28,693,064	27,600,000		10.63	93,100,000	99.56
	F&C		<u>48,650,205</u>	<u>19,460,082</u>	<u>12,000,000</u>	<u>-</u>	<u>-</u>	<u>63,443,371</u>	
Total Counties and Other			<u>\$ 130,487,164</u>	<u>\$ 52,194,866</u>	<u>\$ 43,424,275</u>	<u>\$ 488,770</u>	<u>\$ 11.79 %</u>		
Total of all Entities			<u>\$ 1,230,168,691</u>	<u>\$ 492,067,420</u>	<u>\$ 351,691,248</u>	<u>\$ 20,910,512</u>	<u>100.00 %</u>		

(1) CCD - Cumulative Capital Development

CP - Capital Projects

CT - Civil Township

CS - Community Service

DS - Debt Service

F - Fire

FP - Fire Pension

F&C - Family and Children

G - General

MV - Motor Vehicle

O - Operating

P&R - Parks and Recreation

PP - Police Pension

PR - Poor Relief

PS - Public Safety

S - Sanitary District Solids

T - Transportation

TB - Transportation Bus Replacement

TO - Transportation Operating

(2) Amounts are estimated for collection in 2001 and are subject to final approval by the State Board of Tax Commissioners.

(3) Based upon the borrowing limitation under the Program which limits amounts borrowed to 80% of the respective estimated June or December distribution of Ad Valorem Property Taxes. See "Principal Amount of Warrant" columns in this table for the actual principal amount to be borrowed against the estimated June and/or December distributions.

(4) Includes Ad Valorem Property Taxes and all other revenues of the Fund estimated to be collected during the calendar year 2001. Only the 2001 Ad Valorem Property Taxes have been pledged and appropriated for the payment of the Warrants.

(5) Represents the ratio of annual Ad Valorem Property Taxes collected to Ad Valorem Property Taxes levied in each year (1997, 1998 and 1999, the last years for which such information is available). Collections include current year amounts and delinquent taxes collected in each year which were levied in prior years.

(6) Principal Amount of Warrant (December) for Taylor Community School Corporation includes a \$854,535 property tax warrant and a \$287,051 tuition support warrant. See the caption "THE PROGRAM --Program Participation and Borrowing Limits" in this Official Statement.

APPENDIX B

DEFINITIONS

- B-1 Certain Definitions Used in Indenture
- B-2 Certain Definitions Used in Warrant Purchase Agreement

APPENDIX B-1

CERTAIN DEFINITIONS IN INDENTURE

CERTAIN DEFINITIONS

The following are definitions of certain of the terms used in this Official Statement and defined in the Indenture.

"Account" means any of the accounts established, held and disbursed by the Trustee under the Indenture.

"Act" means Indiana Code Title 5, Article 1.5, as amended.

"Additional Notes" means any of the Bond Bank Advance Funding Program Notes, other than the Notes (as herein defined), as authorized by, and authenticated and delivered pursuant to, the Indenture and a Supplemental Indenture.

"Authorized Official" means the duly elected or appointed treasurer, controller, clerk-treasurer, school superintendent, school business manager, township trustee or other designated official of a Qualified Entity or, to the extent permitted by law, an authorized deputy thereof.

"Bank" means the issuer of the outstanding Credit Facility, which shall be an entity rated in the two full highest rating categories by Moody's and S & P at the time of execution of the Credit Facility, and initially means The Bank of New York.

"Code" means the Internal Revenue Code of 1986, as amended and in effect on the date of the issuance of the Notes, and the applicable judicial decisions and published rulings and any applicable regulations promulgated or proposed thereunder or under the Internal Revenue Code of 1954.

"Credit Facility" means the credit facility extended by the Bank, effective on the date of issuance of the Notes, pursuant to the Credit Facility Agreement.

"Credit Facility Agreement" means the Credit Facility and Reimbursement Agreement dated as of February 1, 2001, between the Bond Bank and the Bank providing for the timely payment, when due, of a portion of the principal of and interest on the Notes, all subject to such conditions and under such terms as described in Article X of the Indenture.

"Fiscal Year" means, when applied to a Qualified Entity, the fiscal year of each Qualified Entity which commences on the first day of January of a year and terminates on the last day of December of such year and, when applied to the Bond Bank, the fiscal year of the Bond Bank which commences on the first day of July and terminates on the last day of June of the following calendar year.

"Fund" means any of the funds established, held and disbursed by the Trustee under the Indenture.

"Government Obligations" means: (a) direct obligations of the United States of America; (b) obligations guaranteed as to principal and interest by the United States of America or any federal agency whose obligations are backed by the full faith and credit of the United States of America, including but not limited to: Department of Housing and Urban Development, Export-Import Bank, Farmers Home Administration, Federal Financing Bank, Federal Housing Administration, General Services Administration, Government National Mortgage Association, Maritime Administration or Small Business Administration; which obligations include but are not limited to certificates or receipts representing direct ownership of future interest or principal payments on obligations described in clause (a) or in this clause (b) and which are held by a custodian in safekeeping on behalf of the holders of such receipts; (c) securities evidencing ownership interests in open-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, whose investments are limited to the obligations described in clauses (a) and (b) and to repurchase agreements fully collateralized by such obligations; and (d) obligations of any state of the United States or any political subdivision thereof, the full payment of the principal of, premium, if any, and interest on which (i) is unconditionally guaranteed or insured by the United States of America, or (ii) is provided for by an irrevocable deposit of the securities described in subclause (a); all to the extent such investments are permitted by law.

"Investment Agreement" means the Investment Agreement, dated as of February 1, 2001, by and among the Trustee, the Bond Bank and Trinity Plus Funding Company, LLC, providing for the investment of moneys held by the Trustee hereunder in certain Funds and Accounts, and which has been approved in writing by Moody's and S&P.

"Investment Securities" means any of the following to the extent such investments are permitted by law: (a) Government Obligations; (b) certificates of deposit fully and promptly secured at all times by Government Obligations; provided, that such certificates are with commercial banks, savings and loan associations, mutual savings banks, or credit unions, including the Trustee, which are rated at least Aa or higher by Moody's and AA or higher by S&P; (c) certificates of deposit, savings accounts, deposit accounts or depository receipts of commercial banks, savings and loan associations, mutual savings banks, or credit unions, including the Trustee, which are fully insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration, and which are rated at the time of purchase at least Aa or higher by Moody's and AA or higher by S&P; (d) bankers acceptances of commercial banks, savings and loan associations or mutual savings banks, including the Trustee, which mature not more than one (1) year after the date of purchase; provided, such commercial banks, savings and loan associations, or mutual savings banks (as opposed to their holding companies) must be rated for unsecured debt at the time of purchase of the investments at least Aa or higher by Moody's and AA or higher by S&P; (e) investment agreements issued by entities rated in the two full highest categories by Moody's and S&P at the time of execution; (f) repurchase agreements with any bank or trust company organized under the laws of any state of the United States of America or any banking association, including the Trustee, or government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York; provided, that any such bank, trust company or dealer is rated at the time of purchase at least Aa or higher by Moody's and AA or higher by S&P; and provided further, that each repurchase agreement is secured by Government Obligations having at all times a market value not less than 102% of the principal amount of such repurchase agreement; and (g)

shares of mutual funds that invest only in Government Obligations that are rated in the highest category by Moody's and S&P.

"Moody's" means Moody's Investors Service, New York, New York.

"Payment Date" means any date on which principal and interest is payable on the Notes.

"Positive Cash Flow Certificate" means a certificate prepared in accordance with the Indenture to the effect that immediately after the occurrence or nonoccurrence of a specific action or omission, as appropriate, Revenues expected to be received, together with moneys expected to be held in the Funds and Accounts and available therefor as provided in the Indenture, will at least be sufficient on each Payment Date to provide for the payment of the principal of and interest on the Outstanding Notes due on each such date and the payment of Program Expenses, if any.

"Program" means the program of the Bond Bank for purchasing Warrants of Qualified Entities from proceeds of the Notes pursuant to the Act.

"Program Expenses" means the expenses authorized to be incurred by the Bond Bank from time to time in connection with the implementation, operation and continuation of the Program, as set forth in the Indenture.

"Revenues" means the income, revenues and profits of the Funds and Accounts under the Indenture, as referred to in the granting clauses of the Indenture.

"S&P" means Standard & Poor's Ratings Services, New York, New York.

"Supplemental Indenture" means any indenture supplemental to or amendatory of the Indenture as originally executed which is duly executed in accordance with the provisions of the Indenture.

"Warrants" means the warrants issued by Qualified Entities which are parties to the Warrant Purchase Agreements, which Warrants are issued in anticipation of ad valorem property taxes levied and in the course of collection by a Qualified Entity (and, in the case of school corporations, which may in addition, in the sole discretion of the Bond Bank, be issued in anticipation of State tuition support distributions in the course of collection by such school corporations), and which are purchased by the Trustee on behalf of the Bond Bank in accordance with the Indenture.

APPENDIX B-2

CERTAIN DEFINITIONS IN WARRANT PURCHASE AGREEMENT

CERTAIN DEFINITIONS

The following are definitions of certain terms used in the Official Statement and defined in the Warrant Purchase Agreement.

"County Auditor" means the authorized officer of the county in which a Qualified Entity is located with jurisdiction and responsibility for the remittance of tax revenues collected for such Qualified Entity.

"Cumulative Cash Flow Deficit" means, with respect to any fund of a Qualified Entity upon which Warrants are issued, the excess of the expenses paid during the Tax Period which would ordinarily be paid out of such fund or financed by anticipated tax or other revenues of such fund, over the aggregate amount available (other than from proceeds of the Warrants) during the Tax Period for the payment of such expenses.

"Outstanding" or "outstanding Warrant" means, when used with reference to the Warrants, the unpaid amount of any Warrant purchased by the Bond Bank pursuant to an Agreement and not theretofore paid by a Qualified Entity.

"Reinvestment Rate" means the greater of (a) the original interest rate on the Warrants or (b) the per annum rate of interest equal to the Prime Rate of the Bank (as defined in the Credit Facility Agreement).

"Tax Period" means the period beginning on the date of issuance of the Warrants and ending on the earlier of the date six months after such date of issuance or the date of the computation of the Cumulative Cash Flow Deficit.

APPENDIX C

PROPOSED FORM OF BOND COUNSEL OPINION

FORM OF BOND COUNSEL OPINION

Upon the delivery of the Notes, Baker & Daniels, bond counsel,
proposes to deliver an opinion in substantially the following form

Indiana Bond Bank
Indianapolis, Indiana

Re: Indiana Bond Bank Advance Funding Program Notes,
Series 2001 A-1 and Series 2001 A-2

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Indiana Bond Bank (the "Issuer") of Three Hundred Seventy Million Eight Hundred Thirty-Five Thousand Dollars (\$370,835,000) aggregate principal amount of the Indiana Bond Bank Advance Funding Program Notes, Series 2001 A-1 and Series 2001 A-2, originally dated February 1, 2001 (the "Notes"). The Notes are being issued pursuant to Indiana Code 5-1.5 (the "Act") and a Note Indenture dated as of February 1, 2001 (the "Indenture"), between the Issuer and BNY Trust Company of Missouri, as trustee.

We have examined the law and such certified proceedings and other certificates, instruments and documents as we have deemed necessary or appropriate for purposes of rendering this opinion.

As to questions of fact material to our opinion, we have relied, without undertaking to verify the same by independent investigation, upon representations and certifications of the Issuer, public officials and others contained in the certified proceedings and other certificates, instruments and documents furnished to us.

Based on the foregoing, we are of the opinion that, under existing law:

1. The Indenture constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer. The Indenture creates the valid pledge that it purports to create of the Funds and Accounts (as defined in the Indenture) thereunder and the obligations of the Qualified Entities (as defined in the Indenture) being acquired with the proceeds of the Notes, subject to the application thereof to the purposes of and the conditions permitted by the Indenture.

2. The Notes have been duly authorized, executed, and issued by the Issuer in accordance with the Act, and are valid and binding special obligations of the Issuer, payable solely from and secured solely by the sources provided therefor in and pursuant to the Indenture.

3. The interest on the Notes is excludable pursuant to Section 103 of the Internal Revenue Code of 1986, as amended and in effect on the date of delivery of the Notes (the "Code"), from gross income for federal income tax purposes and the Notes are not "private activity bonds" under Section 141 of the Code; however, it should be noted that with respect to corporations (as defined for federal income tax purposes), interest on the Notes is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. The opinions set forth in the preceding sentence are subject to the condition that the Issuer and the Qualified Entities comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Notes in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer and each of the Qualified Entities have covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the interest on the Notes to cease to be excludable from gross income for federal income tax purposes retroactive to the date of issuance of the Notes. We express no opinion regarding any other federal tax consequences arising with respect to the Notes.

4. The interest on the Notes is exempt from taxation in the State of Indiana for all purposes except the Indiana financial institutions tax and the Indiana inheritance tax.

It is to be understood that the rights of the holders of the Notes and the enforceability of the Notes may be subject to bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights heretofore or hereafter enacted and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Very truly yours,

BAKER & DANIELS

APPENDIX D

THE BANK OF NEW YORK

APPENDIX D

THE BANK OF NEW YORK

The Bank of New York (the "Bank") is the principal subsidiary of The Bank of New York Company, Inc. (NYSE: BK), a financial holding company (the "Company"). The Company provides a complete range of banking and other financial services to corporations and individuals worldwide through its basic businesses, namely, Securities Servicing and Global Payment Services, Corporate Banking, BNY Asset Management and Private Client Services, Retail Banking, and Financial Market Services. Additional information on the Company is available at www.bankofny.com.

The Bank was founded in 1784 by Alexander Hamilton and is the nation's oldest bank. The Bank is a state chartered New York banking corporation and a member of the Federal Reserve System. Its business is subject to examination and regulation by federal and state banking authorities.

The Bank has long-term senior debt ratings of "AA-"/"Aa2" and short-term ratings of "A1+/P1" from Standard & Poor's Ratings Services and Moody's Investors Service, Inc., respectively.

The Bank's principal office is located at One Wall Street, New York, New York 10286. A copy of the most recent annual report and 10-K of the Company may be obtained from the Bank's Public Relations Department, One Wall Street, 31st Floor, (212) 635-1569 or by visiting the Bank's website.

APPENDIX E

SUMMARY OF CERTAIN LEGAL DOCUMENTS

- E-1 Summary of Certain Provisions of the Indenture
- E-2 Summary of Certain Provisions of the Warrant Purchase Agreements
- E-3 Summary of Certain Provisions of Credit Facility Agreement

APPENDIX E-1

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain of the provisions of the Indenture and does not purport to be complete and is subject in all respects to the provisions of, and is qualified in its entirety by, reference to the Indenture.

Additional Notes

The Bond Bank may issue Additional Notes on a parity with the Notes in order to purchase Warrants from Qualified Entities and to pay the costs of issuance of such Additional Notes. The Additional Notes must be issued pursuant to a supplemental indenture authorizing the issuance of such Additional Notes. Additional Notes may not mature later than January 22, 2002.

The Additional Notes may be issued upon delivery by the Bond Bank to the Trustee of (a) a copy of the resolution adopted by the Bond Bank authorizing the execution and delivery of the supplemental indenture and the Agreements, and the execution, issuance, sale, and delivery of the Additional Notes; (b) an originally executed copy of the supplemental indenture specifying the terms of the Additional Notes; (c) each of the notices and certificates required for delivery of Notes, all as modified with respect to the Additional Notes; and (d) an opinion of bond counsel to the effect that the issuance and sale of such Additional Notes will not result in interest on any previously issued Notes becoming includable in gross income for purposes of federal income taxation pursuant to Section 103 of the Code. Further, no Additional Notes may be issued on a parity with the Notes unless the issuance of the Additional Notes will not result in a lowering or withdrawal of any rating on the Notes as evidenced by written confirmation by each rating agency then having a rating in effect with regard to the Notes.

Warrants purchased from Qualified Entities with proceeds of Additional Notes will be purchased pursuant to an Agreement, provided, however, no Warrants will be purchased unless the requirements set forth in the Indenture have been met. See the heading "Conditions Precedent to Purchase of Warrants" herein.

Conditions Precedent to Purchases of Warrants

The Trustee will not purchase any Warrant issued under any Agreement until it has had the opportunity to review with respect to the Qualified Entity which is a party to such Agreement each of the following:

- (1) An original executed counterpart of the Agreement;

- (2) An opinion or certificate of counsel for the Qualified Entity to the effect that the Agreement has been validly executed and delivered on behalf of the Qualified Entity and constitutes a binding agreement by and between the Qualified Entity and the Bond Bank;
- (3) The Warrant or Warrants, executed by the Qualified Entity and delivered in accordance with the Act, in such form as will comply with the applicable provisions of the Agreement and the Indenture and is acceptable to the Trustee;
- (4) A written requisition of the Bond Bank signed by an Authorized Officer, stating to whom and in what amount payment is to be made;
- (5) A certificate of an Authorized Officer attached to the requisition described in (4) above, to the effect that (1) the Qualified Entity, pursuant to its Agreement, has sold or will sell such Warrant or Warrants to the Bond Bank; (2) the Qualified Entity is obligated to make all payments of principal and interest as and when required to be made thereunder and to pay all fees and charges required to be paid to or on behalf of the Bond Bank under the Indenture and the Agreement; (3) to the knowledge of such officer, the Qualified Entity is not in default under the payment terms or other material terms or provisions of any other obligations of that Qualified Entity; and (4) the Qualified Entity has made all of the certifications required by the Act and the Warrant Purchase Agreement and such other certifications and representations as may be reasonable and appropriate;
- (6) An Opinion of Bond Counsel, in form and substance satisfactory to the Bond Bank and the Trustee, to the effect that either (i) such Warrant or Warrants bear interest that is excludable from gross income under Section 103 of the Code for purposes of federal income taxation or (ii) the purchase by the Bond Bank of any Warrant or Warrants bearing interest that is not excludable from gross income under Section 103 of the Code for purposes of federal income taxation would not result in interest on the Notes ceasing to be excludable from gross income under Section 103 of the Code for purposes of federal income taxation; and
- (7) A certificate of an Authorized Official of the Qualified Entity to the effect that the representations and warranties of the Qualified Entity contained in the Agreement are true, complete and correct as of the time of such purchase.

Program Covenants

In order to provide for the payment of the principal of and interest on Notes (including any repayment under the terms of the Credit Facility Agreement) and of Program Expenses, the Bond Bank will, from time to time in a sound and economical manner in accordance with the Act and the Indenture undertake all necessary actions to receive and collect Revenues, including enforcement of the prompt collection of any arrears on Warrants. Whenever necessary to provide for the

payment on the Notes, the Bond Bank will also commence to pursue appropriate remedies with respect to any Warrant held by the Bond Bank which is in default.

The Bond Bank will (i) not purchase a Warrant for a fund in a principal amount in excess of eighty percent (80%) of the semiannual levy in anticipation of which such Warrant is issued (as estimated or certified by the Indiana State Board of Tax Commissioners), and (ii) not consent, pursuant to the Agreement, to the issuance by a Qualified Entity of any parity obligations similar to the Warrants in an amount which, together with other Warrants outstanding for a fund, would exceed eighty percent (80%) of such semiannual levy which is anticipated to be collected by the Qualified Entity in such fund by the time such Warrant is due and payable unless the Bond Bank receives written approval from Moody's Investors Service and Standard & Poor's Ratings Services.

Warrant Covenants

With respect to the Warrants purchased by the Bond Bank, the Bond Bank covenants as follows:

- (1) To the extent that such action would not adversely affect the validity of such Warrants, the Bond Bank will instruct the Trustee to pursue the remedy set forth in the Act for collection of deficiencies on any Warrants payable from ad valorem taxes and backed by the full faith and credit of the Qualified Entity by collection of such deficiencies out of certain State funds payable but not yet paid to a defaulting Qualified Entity.
- (2) The Bond Bank will diligently enforce and take all actions necessary to protect its rights with respect to any Warrants and will also enforce or authorize the enforcement of all remedies available to owners or holders of the Warrants, unless the Bond Bank provides the Trustee and the Bank with a Positive Cash Flow Certificate giving effect to the Bond Bank's failure to enforce or authorize the enforcement of such remedies. Decisions as to the enforcement of such remedies will be within the Trustee's sole discretion, unless the Bank is the only owner of outstanding Notes, in which case, all decisions as to the enforcement of particular remedies will be within the sole discretion of the Bank.
- (3) The Bond Bank will not (i) permit or agree to any material change in any of the Warrants or (ii) sell or otherwise dispose of any Warrants, unless the Bond Bank provides the Trustee with a Cash Flow Certificate giving effect to such action and the Trustee and the Bank provide written approval thereof.

Accounts and Reports

The Bond Bank will keep proper and separate books of records and accounts in which complete and correct entries will be made of its transactions relating to the Program and the Funds and Accounts established by the Indenture. Such books and all other books and papers of the Bond

Bank and all Funds and Accounts will, at all reasonable times, be subject to the inspection of the Trustee, the Bank, and the owners of an aggregate of not less than five percent (5%) in principal amount of Notes then outstanding or their representatives duly authorized in writing.

Before August 1, 2001, the Trustee will provide the Bond Bank with a statement of the amounts on deposit in each Fund and Account as of July 15, 2001, and the total deposits to and withdrawals from each Fund and Account during the preceding six-month period.

Annual Budget

The Bond Bank will adopt and file with the Trustee and appropriate State officials under the Act an annual budget covering its fiscal operations for the succeeding Fiscal Year not later than June 1, 2001. The annual budget will be open to inspection by any owner of Notes. In the event the Bond Bank does not adopt an annual budget for the succeeding Fiscal Year on or before June 1, 2001, the budget for the preceding Fiscal Year will be deemed to have been adopted and be in effect for the succeeding Fiscal Year until the annual budget for such Fiscal Year has been duly adopted. The Bond Bank may at any time adopt an amended annual budget in the manner then provided in the Act.

Covenant to Monitor Investments

The Bond Bank covenants and agrees to review regularly the investments held by the Trustee in the Funds and Accounts under the Indenture in order to assure that Revenues derived from such investments are sufficient to pay, together with other anticipated Revenues, the debt service on all Notes outstanding under the Indenture.

Preservation of Tax Exemption of the Notes

In order to assure the continuing excludability of interest on the Notes from the gross income of the owners thereof for purposes of federal income taxation, the Bond Bank covenants and agrees to take all actions and not to fail to take any actions necessary in order to preserve and protect such excludability. Additionally, the Bond Bank covenants and agrees not to take any action or fail to take any action with respect to the investment of the proceeds of the Notes or the investment or application of any payments of the principal of and interest on any Warrant or any other agreement or instrument entered into in connection therewith or with the issuance of the Notes, including but not limited to any obligation to rebate certain funds to the United States of America, which would result in constituting any Notes as "arbitrage bonds" within the meaning of Section 148 of the Code. The Trustee also covenants and agrees not to take any action or omit to take any action or permit any action or omission within its control to be taken or omitted which would, to the knowledge of the Trustee, impair the excludability from gross income for federal income tax purposes of interest on the Notes.

Covenants Concerning Credit Facility Agreement

The Bond Bank will review regularly the Warrants and the security and sources of payment therefor for the purpose of assuring that the payment of principal of and interest on the Warrants, together with other Revenues, will be sufficient to provide for the timely payment of principal of and interest on the Notes.

The Bond Bank further will comply with the Credit Facility Agreement and the Trustee will take all action necessary to effect the Bond Bank's compliance with the Credit Facility Agreement.

Events of Default

Any of the following events constitutes an "Event of Default" under the Indenture:

- (a) The Bond Bank defaults in the due and punctual payment of the principal of or interest on any Note;
- (b) The Bond Bank defaults in the performance of any of its other covenants, agreements or conditions contained in the Indenture, any Agreement, or the Notes and fails to remedy such Event of Default within sixty (60) days after receipt of notice, all in accordance with the Indenture;
- (c) Any warranty, representation or other statement by or on behalf of the Bond Bank contained in the Indenture or in any instrument furnished in compliance with or in reference to the Indenture is false or misleading in any material respect when made and there has been a failure to remedy such Event of Default within sixty (60) days after receipt of notice, all in accordance with the Indenture;
- (d) The Bond Bank fails to make remittances required by the Indenture to the Trustee within the time limits prescribed in the Indenture;
- (e) A petition is filed against the Bond Bank under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, and is not dismissed within sixty (60) days after such filing;
- (f) The Bond Bank files a petition in voluntary bankruptcy or seeking relief under any provisions of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, or consents to the filing of any petition against it under such law;
- (g) The Bond Bank is generally not paying its debts as such debts become due, or becomes insolvent or bankrupt or makes an assignment for the benefit of creditors, or a liquidator or trustee of the Bond Bank or any of its property is appointed by court order or takes possession and such order remains in effect or such possession continues for more than sixty (60) days;

- (h) The Bond Bank is rendered incapable of fulfilling its obligations under the Indenture for any reason; or
- (i) An event of default occurs under the Credit Facility Agreement and the Bank exercises its right to terminate the Credit Facility thereunder.

No default under subparagraphs (b) or (c) above will constitute an Event of Default until actual notice of the default by registered or certified mail has been given to the Bond Bank by the Trustee, the Bank, or by the owners not less than twenty-five percent (25%) in aggregate principal amount of all Notes then outstanding and the Bond Bank has had sixty (60) days after receipt of the notice to correct such default within the applicable period. If such default is correctable but cannot be corrected within the applicable period, it will not constitute an Event of Default if corrective action is instituted by the Bond Bank within the applicable period and diligently pursued until the default is corrected.

Remedies

Upon the occurrence of an Event of Default, the Trustee will notify the owners of Notes of such Event of Default and will have the following rights and remedies:

- (1) The Trustee may pursue any available remedy at law or in equity to enforce the payment of the principal of and interest on outstanding Warrants, subject to their terms and to enforce the payment of principal of and interest on the Notes when due;
- (2) The Trustee may by action or suit in equity require the Bond Bank to account as if it were the trustee of an express trust for the owners of the Notes and may take such action with respect to the Warrants as the Trustee deems necessary or appropriate and in the best interest of the owners of Notes, subject to the terms of the Warrants;
- (3) Upon the filing of a suit or other commencement of judicial proceedings to enforce any rights of the Trustee and of the owners of Notes under the Indenture, the Trustee will be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate under the Indenture and of the Revenues, issues, earnings, income, products, and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer;
- (4) Upon the occurrence and continuance of an Event of Default specified in subparagraph (a) or (d) above, the Trustee will request payment from the Bank under the Credit Facility;
- (5) Upon the occurrence of an Event of Default specified in subparagraph (i) above, the Trustee will request payment from the Bank under the Credit Facility in an amount equal to the total amount available to be requested under the Credit Facility;

- (6) Upon the occurrence and continuance of an Event of Default and if requested to do so by the owners of not less than fifty percent (50%) in aggregate principal amount of all Notes then outstanding and if indemnified as provided in the Indenture, the Trustee will be obligated to exercise such of the rights, remedies, and powers conferred by the Indenture, as the Trustee, being advised by counsel, deems most expedient in the interests of the owners of Notes; and
- (7) Upon the occurrence and continuance of an Event of Default and in the event the Bank (i) has been deemed an owner of Notes pursuant to the Indenture, (ii) is the only owner of outstanding Notes, and (iii) has requested the Trustee so to do, and further, if the Trustee is indemnified as provided in the Indenture, the Trustee will be obligated to exercise one or more of the rights, remedies and powers conferred by the Indenture, as the Trustee, being advised by counsel and the Bank deems most expedient in the interest of the Bank as Noteholder.

Upon receipt of payment from the Bank under the Credit Facility Agreement and subsequent payment of principal of and interest on Notes by the Bond Bank, and notwithstanding any other provisions in the Indenture, the Notes so paid will remain outstanding, will not be deemed defeased or otherwise satisfied, will not be considered paid by the Bond Bank, and will continue to be due and owing until paid by the Bond Bank with interest at the Reinvestment Rate, and the assignment and pledge of the Trust Estate and all covenants, agreements, and other obligations of the Bond Bank to the registered owners of the Notes so paid will continue to exist and run to the benefit of the Bank, and the Bank will become subrogated to the rights of the recipients of such payments of principal of and interest on such Notes and will be deemed to be the owner of such Notes; provided, however, that any interest in, lien on, or pledge of the Trust Estate in favor of the Bank (as holder of such Notes) will be junior and subordinate to any interest in, lien on, or pledge of the Trust Estate in favor of any owner of Notes other than the Bank. To evidence such subrogation and ownership, the Trustee will note the Bank's rights as subrogee and owner on the registration books maintained by the Trustee upon receipt from the Bank of the payment to the Bond Bank and payment of principal of and interest to the holders of such Notes.

After payment of all principal of and interest on the Notes, the Trustee shall deliver to the Bank any net amount of an advance under the Credit Facility previously disbursed and not used to make payment on the Notes.

Rights and Remedies of Owners of Notes

No owner of any Note will have any right to institute any suit, action or proceeding at law or in equity for the enforcement of the Indenture or for the execution of any trust thereof or for any other remedy under the Indenture, unless (i) a default has occurred and the Trustee has been notified pursuant to the Indenture, (ii) such default has become an Event of Default and the owners of not less than 50% in aggregate principal amount of all Notes then outstanding have made written request to the Trustee and have offered the Trustee reasonable opportunity either to proceed to exercise the remedies granted in the Indenture or to institute such action, suit or proceeding in its own name, (iii)

such owners of Notes have offered to indemnify the Trustee, as provided in the Indenture and (iv) the Trustee has refused, or for 60 days after receipt of such request and offer of indemnification has failed, to exercise the remedies granted in the Indenture or to institute such action, suit or proceeding in its own name. All proceedings at law or in equity must be carried out as provided in the Indenture and for the equal benefit of the owners of all outstanding Notes. However, nothing contained in the Indenture will affect or impair the right of any owner of Notes to enforce the payment of the principal of and interest on any Note at and after its maturity, or the limited obligation of the Bond Bank to pay the principal of and interest on each of the Notes to the owners of the Notes at the time and place, from the source, and in the manner expressed in the Notes.

The owners of a majority in aggregate principal amount of all Notes then outstanding will have the right, at any time during the continuance of an Event of Default, by a written instrument or instruments executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture or for the appointment of a receiver or any other proceedings under the Indenture. However, such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture.

Waivers of Events of Default

At its discretion and with the consent of the Bank, the Trustee may waive any Event of Default and its consequences, and must do so upon the written request of the owners of (i) more than sixty-five percent (65%) in aggregate principal amount of all Notes then outstanding in respect of which an Event of Default in the payment of principal or interest exists or (ii) more than fifty percent (50%) in aggregate principal amount of all Notes then outstanding in the case of any other Event of Default. However, there may not be waived (A) any Event of Default in the payment of the principal of any outstanding Note at the specified date of maturity or (B) any Event of Default in the payment when due of the interest on any outstanding Note unless, prior to the waiver, all arrears of payments of interest or principal due, as the case may be, with interest on overdue principal at the rate borne by such Note, and all expenses of the Trustee in connection with the Event of Default have been paid or provided for. In case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such Event of Default has been discontinued or abandoned or determined adversely, then the Bond Bank, the Trustee and the owners of Notes will be restored to their former positions and rights under the Indenture. No such waiver or rescission will extend to any subsequent or other Event of Default or impair any rights consequent thereon.

Supplemental Indentures

The Bond Bank and the Trustee may, without the consent of, or notice to, any of the owners of Notes, enter into an indenture or indentures supplemental to the Indenture for any one of more of the following purposes:

- (a) To cure any ambiguity, formal defect or omission in the Indenture;

- (b) To grant to or confer upon the Trustee for the benefit of the owners of Notes any additional benefits, rights, remedies, powers or authority that may lawfully be granted to or conferred upon the owners of Notes or the Trustee, or to make any change which, in the judgment of the Trustee, does not materially and adversely affect the interest of the owners of Notes and does not otherwise require the consent of the owners of all Notes then outstanding under the Indenture;
- (c) To subject to the lien and pledge of the Indenture for the benefit and security of the owners of the Notes then outstanding additional revenues, properties or collateral;
- (d) To modify, amend or supplement the Indenture or any supplemental indenture in order to permit the qualification thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect or to permit the qualification of the Notes for sale under the securities laws of the United States of America or of any of the states of the United States of America, and, if the Bond Bank and the Trustee so determine, to add to the Indenture or to any supplemental indenture such other terms, conditions, and provisions as may be permitted by the Trust Indenture Act of 1939, as amended, or federal or state statute;
- (e) To evidence the appointment of a separate or cotrustee or the succession of a new Trustee under the Indenture or the succession of a new registrar and/or paying agent;
- (f) To modify, amend or supplement the Indenture or any Supplemental Indenture to enable the Bond Bank to comply with its covenants regarding the excludability of interest from gross income of the owner of the Notes for federal income tax purposes, so long as any such action is not to the prejudice of the owners of the Notes;
- (g) To authorize the issuance of Additional Notes; and
- (h) To modify, amend or supplement the Indenture or any supplemental indenture in any manner which, in the reasonable opinion of the Trustee, does not adversely affect, in any material respect, the security for the Notes.

With the exception of supplemental indentures for the purposes set forth in the preceding paragraph and subject to the terms of the Indenture, the owners of not less than a majority of the principal amount of all Notes then outstanding (other than Notes held by the Bond Bank) will have the right, from time to time, to consent to and approve the execution by the Bond Bank and the Trustee of any supplemental indenture or indentures deemed necessary and desirable by the Bond Bank for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any supplemental indenture. However, nothing contained in the Indenture shall permit or be construed as permitting, without the consent of the Bank and owners of all Notes then outstanding, (i) an extension of the stated maturity or reduction in the principal amount of, or reduction in the rate or extension of the time of payment

of interest on the Notes, or (ii) the creation of any lien on the Revenues and other property pledged under the Indenture prior to the lien of the Indenture, or (iii) a reduction in the aggregate principal amount of the Notes the owners of which are required to consent to such supplemental indenture, or (iv) the granting of a privilege, priority or preference to any of the Notes over any other Notes or (v) any amendment or modification of the trusts, powers, rights, obligations, duties, remedies, immunities, and privileges of the Trustee without the written consent of the Trustee.

Defeasance and Discharge of Lien of Indenture

If (a) payment or provision for payment is made to the Trustee of the whole amount of the principal of, and interest on, the Notes due and to become due under the Indenture, (b) all credit obligations have been discharged and there are no amounts owed by the Bond Bank to the Bank under the Credit Facility Agreement and (c) the Trustee receives all payments due and to become due under the Indenture, then the Indenture may be discharged in accordance with its provisions.

Any Note will be deemed to be paid when: (a) payment of the principal of that Note, plus interest to its due date, either (i) has been made or has been caused to be made in accordance with its terms or (ii) has been provided for by irrevocably depositing with the Trustee, in trust and exclusively for such payment, (A) moneys sufficient to make such payment, (B) direct obligations of the United States of America maturing as to principal and interest in such amounts and at such times, without consideration of any reinvestments thereof, as will insure the availability of sufficient moneys to make such payments ("Defeasance Obligations") or (C) a combination of such moneys and such Defeasance Obligations; and (b) all other sums payable under the Indenture by the Bond Bank, including the necessary and proper fees and expenses of the Trustee pertaining to the Notes and any amounts required to be rebated to the United States of America, have been paid to or deposited with the Trustee.

APPENDIX E-2

SUMMARY OF CERTAIN PROVISIONS OF THE WARRANT PURCHASE AGREEMENTS

**SUMMARY OF CERTAIN PROVISIONS OF
THE WARRANT PURCHASE AGREEMENTS**

The following is a summary of certain of the provisions of the Agreements and does not purport to be complete and is subject in all respects to the provisions of, and is qualified in its entirety by, reference to the Agreements.

Representations of the Bond Bank

The Bond Bank will represent and warrant in each Agreement, among other things, that:

- (1) It is a public body corporate and politic with full power and authority to enter into the Agreement and to perform its obligations thereunder;
- (2) By all required action, the Agreement and the Indenture and their respective execution and delivery have been duly adopted and authorized by the Bond Bank; and
- (3) The execution and delivery of the Agreement, and the performance of the Bond Bank of its obligations will not violate or result in a breach of any of the terms of, or constitute a default under, the Act or any instrument to which the Bond Bank is a party or by which it is bound.

Representations of the Qualified Entity

The Qualified Entity will represent and warrant in its Agreement, among other things, that as of the date of the Agreement and the purchase of Warrants made thereunder:

- (1) It is a duly organized and existing political subdivision and constitutes a "qualified entity" within the meaning of the Act;
- (2) It has full power and authority to enter into the Agreement and perform its obligations thereunder;
- (3) By all required action, it has duly authorized the execution and delivery of the Agreement;
- (4) The execution, delivery and performance of the Agreement by the Qualified Entity will not conflict with or result in a breach under or constitute a default under any instrument to which the Qualified Entity is a party or by which it is bound;

- (5) There is no litigation pending or, to the knowledge of the Qualified Entity threatened, that challenges or questions the validity or binding effect of the Agreement or the Warrants or its authority or ability to execute and deliver the Agreement or the Warrants or perform its obligations thereunder or that would, if adversely determined, have a significant adverse effect on the ability of the Qualified Entity to meet its obligations under the Agreement or the Warrants;
- (6) Unless otherwise disclosed in writing to the Bond Bank, it has not, during the last 40 years, failed to pay when due interest on or principal of, and is not now in default under any obligation or indebtedness;
- (7) Unless otherwise disclosed in writing to the Bond Bank, it has, during its three most recent Fiscal Years, achieved an Ad Valorem Property Tax collection rate of at least eighty-five percent (85%);
- (8) All information furnished by it to the Bond Bank in connection with its participation in the Program is accurate and complete in all material respects;
- (9) It has not purchased and will not purchase, pursuant to any arrangement, the Notes in an amount related to the Warrants;
- (10) It has taken or will take all proceedings required by law to enable it to issue and sell the Warrants to the Bond Bank pursuant to the Agreement;
- (11) It has not issued any other obligations in anticipation of the receipt of Ad Valorem Property Taxes levied and in the course of collection for a fund upon which Warrants are to be issued;
- (12) Prior to the end of the Tax Period, the Cumulative Cash Flow Deficit with respect to each fund upon which such Warrants will be issued is expected to exceed 90% of the proceeds of all the Warrants issued for such fund; and
- (13) There have been levied and are in the course of collection Ad Valorem Property Taxes for each fund upon which Warrants are to be issued with respect to the June and December settlements and distributions in an amount estimated to equal at least 125% of the respective amounts of Warrants maturing on June 29, 2001, and payable from the June settlement and distribution and/or maturing on December 30, 2001, and payable from the December settlement and distribution.

Purchase of Warrants

The Bond Bank will agree to purchase the Warrants of the Qualified Entity at the purchase price of 100% of the par value thereof in a principal amount agreed to by the Qualified Entity and the Bond Bank. The Bond Bank will disburse the proceeds from the sale of the Warrants to the

Qualified Entity on or about the date of issuance of the Notes. The Warrants will bear interest prior to their due date or dates at the per annum rate determined by the Bond Bank, not to exceed six and one-half percent (6.50%). To the extent permitted by law, Warrants not paid on or before the respective due date will bear interest at the Reinvestment Rate thereafter until paid.

The initial payment installment for any Warrant purchased shall be at least \$50,000 unless otherwise consented to by the Bond Bank. The Trustee shall not make any future installment advance with respect to any Warrant that has not been disbursed in full on the date that such Warrant is purchased until such time as the Trustee has received a Request for an Installment advance in the form attached as Attachment F to the Warrant Purchase Agreement approved by the Bond Bank. Such subsequent installments shall be made on the first Business Day of each month through and including May 2001. Notwithstanding the foregoing, if the full principal amount of any Warrant has not been disbursed to the Qualified Entity prior to the first Business Day of May 2001, then a final payment installment shall be made by the Trustee to the Qualified Entity in an amount, which together with all prior payment installments made with respect to such Warrant, aggregate the principal amount of each Warrant purchased by the Bond Bank from such Qualified Entity.

Payment

Each Qualified Entity will be required to repay its Outstanding Warrants in full in immediately available funds no later than the applicable June 29, 2001, or December 30, 2001. Except as set forth in the Warrant Purchase Agreement, Qualified Entities may not prepay the Warrants prior to their due date without the express written consent of the Bond Bank. Qualified Entities will be required to submit a request to the County Treasurer for an advance distribution of not less than 95% of collections of Ad Valorem Property Taxes for each fund in anticipation of which Warrants are issued. If a Qualified Entity receives advance distributions of Ad Valorem Property Tax collections or other moneys in lieu thereof, and the total of all advance distributions or other moneys in lieu thereof received exceeds five percent (5%) of the total taxes in anticipation of which Warrants have been issued, the Qualified Entity will be required to invest such moneys temporarily in investments which (i) mature no later than the respective due dates of such Warrants, and are limited solely to interest-bearing time deposits or certificates of deposit of any bank, trust company or national banking association which is a member of the Federal Reserve System and which is designated as a depository under and a participant in the Public Deposits Insurance Fund of the State; or (ii) have been approved by the Bond Bank.

Conditions of Purchase

Prior to the purchase of its Warrant or Warrants, the Trustee will have the opportunity to review the various documents and instruments required by the Agreement with respect to each Qualified Entity, including, among other things, the following:

- (1) A certificate executed by an Authorized Official stating (a) the amount of the Cumulative Cash Flow Deficit projected to occur during each month of the Tax

Period in each of the funds of the Qualified Entity for which Warrants are to be issued, (b) the amount of taxes estimated or certified by the County Auditor or the Indiana State Board of Tax Commissioners to be levied and collected during the 2001 calendar year for each of the funds for which Warrants are to be issued, and (c) that the Qualified Entity has duly regularly and properly adopted its budget for the 2001 Fiscal Year, has complied with all statutory and regulatory requirements with respect to its adoption and will expend the proceeds of its Warrant or Warrants for lawful purposes provided for in the budget;

- (2) A copy of the final budget order, or if such final budget order is not available, then the most current preliminary budget order, of the Indiana State Board of Tax Commissioners settling forth the annual budgets for each of the funds of the Qualified Entity for which Warrants are to be issued;
- (3) A copy of the resolutions or ordinances of the Qualified Entity authorizing the issuance of the Warrants and appropriating and pledging funds for their repayment;
- (4) The opinion of bond counsel to the Qualified Entity in the form required by the Agreement;
- (5) A signed copy of the opinion or certificate of counsel to the Qualified Entity in the form required by the Agreement;
- (6) A copy of the transcript of the proceedings in which the Qualified Entity has authorized the issuance and sale of the Warrants to the Bond Bank; and
- (7) All other documents and materials required by bond counsel for the Bond Bank.

Consent to Pledge by Qualified Entity

The Qualified Entity consents and agrees to the assignment and pledge by the Bond Bank of the Warrants and all rights of the Bond Bank under the Agreement to the Trustee and thereafter to the Bank.

Other Borrowings

For so long as its Warrant or Warrants are outstanding, the Qualified Entity will not, without the consent of the Bond Bank and the Bank, issue any warrant or comparable obligation in anticipation of the revenues budgeted for the fund from which the Warrants will be paid for the then current fiscal year.

Reports Relating to Cumulative Cash Flow Deficit and Financial Information.

The Qualified Entity will be required to submit monthly reports regarding its Cumulative Cash Flow Deficit and its compliance with the requirements of Section 148 of the Code.

Maintenance of Tax Exemption and Arbitrage Rebate

The Qualified Entity covenants not to take, or cause or permit itself or any party under its control to take, or fail to take, or cause to permit itself or any party under its control to fail to take, any action that would result in the loss of the exclusion from gross income for federal income tax purposes of interest on its Warrants pursuant to Section 103 of the Code.

The Qualified Entity covenants to take all action necessary and appropriate to comply with the arbitrage rebate requirement under Section 148 of the Code to the extent applicable. The Qualified Entity will bear all responsibility for and pay all expenses of compliance with the rebate requirements with respect to its Warrants.

Remedies

The Qualified Entity acknowledges and agrees that, in the event of its default on any of its obligations under its Agreement or under its Warrants, the Bond Bank (and the Bank under the provisions of the Credit Facility Agreement to the extent that amounts are owed to the Bank under the Credit Facility Agreement) will have any and all remedies available at law or in equity for the enforcement of such obligations. The Qualified Entity further covenants and agrees that, in the event that any default on the payment of principal of or interest on a Warrant is attributable to or arises from a third party's act or omission, the Qualified Entity will diligently prosecute any cause of action arising therefrom in its own name or, at the option of the Bond Bank (and the Bank under the provisions of the Credit Facility Agreement, if amounts are owed to the Bank under the Credit Facility Agreement) and to the extent permitted by law, assign such right to pursue the cause of action in its own name to the Bond Bank (and the Bank under the provisions of the Credit Facility Agreement, if amounts are owed to the Bank under the Credit Facility Agreement).

Additional Costs Imposed on Qualified Entities

The Qualified Entity will agree to pay to the Bond Bank all costs and expenses incurred by or on behalf of the Bank as a result of any failure by the Qualified Entity to comply with the provisions of the Agreement.

APPENDIX E-3

SUMMARY OF CERTAIN PROVISIONS OF THE CREDIT FACILITY AGREEMENT

**SUMMARY OF CERTAIN PROVISIONS OF
THE CREDIT FACILITY AGREEMENT**

The following is a summary of certain of the provisions of the Credit Facility Agreement and does not purport to be complete and is subject in all respects to the provisions of, and is qualified in its entirety by, reference to the Credit Facility Agreement.

Assignment to Trustee

Pursuant to and in accordance with the provisions of the Credit Facility Agreement, the Bond Bank will assign all of its rights under the Credit Facility Agreement to the Trustee. The Trustee will be deemed to be the agent of the Bond Bank for purposes of the Credit Facility Agreement and will have the authority to exercise any and all rights of the Bond Bank under the Credit Facility Agreement, including without limitation, the right to request payment under the Credit Facility Agreement. The obligations of the Bond Bank under the Credit Facility Agreement will remain with the Bond Bank and will not be assigned to the Trustee.

Request for Payment

The Trustee, acting on behalf of the Bond Bank, may request payment under the Credit Facility Agreement at any time during the Bank's business hours by delivery of a certificate requesting payment in the form attached to the Credit Facility Agreement appropriately completed and signed by the Trustee. If a payment request is appropriately completed and received by the Bank on or prior to 10:00 a.m., Indianapolis time, on a banking day, payment will be made to the Trustee of the amount requested not later than 12:00 noon, Indianapolis time, on the same day. If a payment request is appropriately completed and received by the Bank after 10:00 a.m., Indianapolis time, on a banking day, payment will be made to the Trustee of the amount requested not later than 11:00 a.m., Indianapolis time, on the next succeeding banking day. If a payment request is delivered by the Trustee and does not conform to the form of the payment request attached to the Credit Facility Agreement, the Bank will give the Trustee prompt notice of such fact in writing or by telephone or fax, and thereafter, the Trustee may attempt to correct such certificate requesting payment.

Reimbursement and Other Payments by the Bond Bank

Pursuant to and in accordance with the provisions of the Credit Facility Agreement, the Bond Bank agrees to pay to the Bank no later than May 31, 2002, an amount equal to the total amount disbursed under the Credit Facility Agreement, together with interest on such amounts. The Bond Bank will execute a note to evidence its obligations to the Bank under the Credit Facility Agreement (the "Facility Note"). To the extent moneys are available in the Trust Estate for the repayment of credit obligations under the Credit Facility Agreement, the Bond Bank will repay such amounts to

the Bank prior to May 31, 2002. Moneys shall be considered available in the Trust Estate for the payment of credit obligations only if and to the extent that moneys in the Trust Estate together with the sum of (1) the principal amount of all Warrants in the Trust Estate (excluding, however, Warrants the payment of principal of or interest on which is in default) and (2) all interest to be received on all Warrants held in the Trust Estate (excluding, however, Warrants the payment of principal of or interest on which is in default) exceeds the sum of (a) the outstanding principal amount of the Notes (not including, however, any Notes transferred and assigned to the Bank pursuant to the Indenture); (b) the full amount of the interest to be paid on the Notes (not including, however, any Notes transferred and assigned to the Bank pursuant to the Indenture) at their maturity; and (c) the anticipated costs to be incurred in connection with the administration of the Program. If there is a termination of the Credit Facility Agreement, then in no event shall any moneys in the Trust Estate be considered available for or used for the repayment of such credit obligation prior to the date on which the principal of and interest on all Notes (not including, however, any Notes transferred and assigned to the Bank pursuant to the Indenture) has been paid in full.

Covenants of the Bond Bank Under the Credit Facility Agreement

The Bond Bank covenants and agrees, pursuant to the Credit Facility Agreement, among other things:

- (1) To comply at all times with its covenants and obligations under the Indenture, the Agreements, and the Notes;
- (2) To conduct its affairs and carry on its operations in a manner complying in all material respects with any and all applicable laws of the United States of America and the State of Indiana;
- (3) To permit the Bank or any of its agents or representatives to examine and make copies of any abstracts from the records and books of account of the Bond Bank and to discuss the general business affairs of the Bond Bank;
- (4) To keep proper books and records of account, in which full and correct entries will be made of financial transactions and the assets of the Bond Bank in accordance with generally accepted accounting principles;
- (5) To furnish the Bank with (i) a statement of the Bond Bank setting forth the details of any event of default and the action the Bond Bank proposes to take with respect to such event of default within ten (10) days after the occurrence thereof; (ii) its audited balance sheet and audited income statement, and statement of cash flows as prepared by its independent certified public accountants as soon as possible after the end of each Fiscal Year, (iii) a certificate of the Trustee setting forth the amount on deposit in each Fund and Account held under the Indenture and the total deposits and withdrawals from each Fund and Account during each month, within twenty (20) days after the end of each such month and (iv) such other information regarding the

financial condition or operations of the Bond Bank as the Bank may reasonably request;

- (6) To promptly furnish to the Bank a copy of all notices, reports, statements, and other communications sent, given, or delivered by the Bond Bank pursuant to or in connection with the Indenture;
- (7) Not to create or suffer to exist any liens, security interests, or other encumbrances with respect to the collateral pledged to the Bank under the Credit Facility Agreement, other than as contemplated by the Indenture; and
- (8) (i) To regularly review the Warrants and the security and sources of payment therefor for the purpose of assuring that the payment of principal of and interest on such Warrants, together with other Revenues, will be sufficient to provide for the timely payment of the principal of and interest on the Notes, (ii) to pursue all necessary and appropriate actions not inconsistent with the powers and purposes of the Bond Bank under the Act in order to remedy any actual or anticipated deficiency of funds, which may include, without limitation, notification of the General Assembly of the State of any deficiency or projected deficiency in the General Fund under the Indenture and requesting an appropriation or any other available action to satisfy any such deficiency, and exercising its best efforts to pursue and to make available appropriate alternate remedies to satisfy any such deficiency, and (iii) to deposit any amounts received or otherwise made available by the Bond Bank pursuant to its actions taken pursuant to subparagraph (ii) into the General Fund under the Indenture for the payment of principal of and interest on the Notes.

Events of Default

Each of the following will constitute an event of default under the Credit Facility Agreement:

- (a) Default in the payment when due, whether by acceleration or otherwise, of any amounts payable under the terms of the Credit Facility Agreement;
- (b) Failure by the Bond Bank to comply with any of the covenants set forth in the Credit Facility Agreement, and continuance of such failure for thirty (30) days after notice thereof to the Bond Bank from the Bank;
- (c) Any warranty or representation made by the Bond Bank in the Credit Facility Agreement proving to have been false or misleading in any material respect when made, or any schedule, certificate, financial statement, report, notice, or other writing furnished by the Bond Bank to the Bank proving to have been false or misleading in any material respect when made or delivered;

- (d) Failure by the Bond Bank to comply with or perform any covenant or other provision of the Credit Facility Agreement and continuance of such failure for thirty (30) days after notice thereof to the Bond Bank from the Bank; and
- (e) Failure of the Bond Bank to comply with or perform any covenant or provision of the Indenture, the Notes, the Agreements, or any agreement, document, or instrument executed pursuant thereto, which failure constitutes an "event of default" as defined in such document or agreement, or allows the holder or holders of such obligation, or any trustee for such holders, to pursue its remedies thereunder.

If any event of default occurs and is continuing, then at the election of the Bank, (a) all credit obligations under the Credit Facility Agreement will become immediately due and payable, without demand, presentment, protest, or notice of any kind; (b) the Bank will have the right to terminate the Credit Facility Agreement upon seven (7) banking days' written notice to the Bond Bank, which termination will become effective on the date specified in the notice; (c) the Bank may pursue its rights with respect to the collateral pledged thereto under the Credit Facility Agreement; (d) all outstanding principal and interest on the Facility Note will become immediately due and payable; and (e) the Bank will have the rights and remedies available to it under the Indenture, the Agreements, and the other credit documents or otherwise available pursuant to law or equity.

Termination

The Bank will not exercise its rights to terminate the Credit Facility Agreement until an event of default specified thereunder has occurred and is continuing. The Bank agrees that in the event it determines to terminate the Credit Facility Agreement, the Bond Bank will be permitted to request payment in the full amount available under the Credit Facility Agreement after receipt of notification of termination and prior to the termination date, which will be set forth in the notification and will not be less than seven (7) banking days after delivery of such notification to the Bond Bank.